

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

July 15, 2008

To:  
The Securities Authority  
22 Kanfei Nesahrim Str.  
Jerusalem 95464

To:  
The Tel Aviv Stock Exchange Ltd.  
54 Achad Ha'Am Str.  
Tel Aviv 65202

Dear Sir/Madam,

Re: **Immediate Report**

On July 15, 2008 the Company received notice from the Tel Aviv Stock Exchange Ltd. (the "Exchange") that pursuant to data of June 30, 2008 the value of public holdings in the debentures (Series A) of the Company ("Debentures A'") is lower than the value required by the Preservation Rules of the Exchange and therefore, in accordance with the directives of the Exchange, the Debentures (Series A) will be delisted from the Exchange on September 10, 2008, and all as stipulated in the notice of the Exchange attached hereto.

In the Company's Prospectus of May 30, 2001, under which the Debentures A' were issued, it was determined that should the board of directors of the Exchange decide to stop the trading of Debentures A', in accordance with the provisions set forth in the directives of the Exchange, due to lack of regular trading resulting from the fact that the value of public holdings in the Debentures A' is lower than the amount determined from time to time by the Exchange Directives, , the Company will announce an early redemption date at which the Debenture A' holders may redeem their debentures, and all in the manner and at the dates as set out in the aforesaid Prospectus (See Section 2.6.13 of the above Prospectus).

The Company intends to announce an early redemption date for Debentures A', in accordance with the provisions of the aforesaid Prospectus.

Sincerely Yours,

Noga Yaziv

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{Logo and Letterhead of the Tel Aviv Securities Exchange Ltd.}

July 14, 2008

136712

The Israel Corporation Ltd.  
P.O. Box 20456  
Tel Aviv 61204

Fax: 03-6844587

Dear Sir/Madam,

**Re: Delisting of Debentures A' of Your Company**

In a check carried out by the Exchange, according to the data of June 30, 2008, the value of the public holdings in Debentures A' of the Company amounts to approximately NIS 1.1 million which is lower than the NIS 1.6 million amount as required by the Preservation Rules.

Pursuant to Section 11.a. (2) in the Fourth Part of the Rules dealing with conditions for delisting of a security from registration for trading, the Debentures of the Company will be delisted in the event of the value of the public holdings in the Debentures is lower than NIS 1.6 million.

According to the directives, the delisting will be carried out within 60 days. Accordingly, the last day for trading on the aforesaid Debentures will be September 8, 2008 and on September 10, 2008 they will be delisted from the Exchange.

We draw your attention to that stated in the Prospectus of the Company, in the section dealing with the conversion and prepayment of the Debentures. For your convenience, attached hereto is the schedule for the voluntary early redemption of the debentures.

In order to obtain further clarification, if needed, you can turn to Mrs. Irit Harel, the director of the Companies Liaison division, at Telephone: 03-5677407.

Yours Faithfully,

(Signed)

The Tel Aviv Stock Exchange Ltd.