

This is a summary in English of main points extracted from the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original.

ISRAEL CORPORATION LIMITED

4th May, 2006

Securities Authority

Tel Aviv Stock Exchange

Dear Sirs,

Immediate Report as to a Transaction between the Company and the Owner of Means of Control

Regulation 2 of Securities (Transaction between Company and Owner of Means of Control) Regulations 2001

The Company has convened a Special General Meeting to be held on 11th May 2006 at 11:00 a.m. at 23 Aranha Street, Millenium Tower, floor 23, Tel Aviv.

The Record Date for entitlement to participate and vote at the meeting is 27th April 2006.

Summary of Agenda:-

Approval of a framework cooperation-agreement between the 98% held subsidiary, Zim Integrated Shipping Services Ltd., and between companies owned by controlling shareholders of the Company, namely Ofer (Ship Holdings) Ltd. and Ofer Navigation Ltd. (hereinafter "Ofer"). The agreement is for continuation of the cooperation that commenced prior to privatization of Zim and the takeover of Zim by the Company, and will remain in force for up to a maximum period of 12 years; once every 4 years prior to the forthcoming AGM the Audit Committee and the Board will consider continuation of the cooperation during the then forthcoming 4 years and the matter will then be brought before the AGM together with a report as to the conduct of the cooperation during the previous 4 year period. The agreement, which will enable Zim to take advantage of opportunities for transactions with Ofer to be closed speedily as required in the shipping industry without the delay involved in bringing routine transactions for approval by General Meeting, contains provisions aimed at ensuring the propriety, fairness, and transparency of every transaction.

The agreement will enable Zim, at its discretion: (a) to purchase in equal shares with Ofer up to 15 ships, new or secondhand, on market terms. Each ship purchased will be chartered to Zim for 10 – 12 years unless a shorter period is agreed. The ships will be managed and operated by Ofer on agreed terms provided that the fee paid by Zim will be 5% less than the cost of Zim for operation of similar ships; (b) to charter ships from Ofer on market terms for periods in excess of 5 years, the ships chartered will be reckoned as part of the above 15 ships; (c) to extend or renew on market terms for periods of up to 5 years, short term charter of ships from Ofer, such ships will be reckoned as part of the above 15 ships.

Purchase or charter of ships will be at the sole discretion of Zim in accordance with the needs and business strategy of Zim.

The agreement contains provisions for independent determination of market terms.

In accordance with The Companies (Proof of Ownership of Shares for the Purpose of General Meeting Voting) Regulations, 2000 (“The Regulations”), 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 Regulations.

Yours faithfully,

Noga Yatziv
Company Secretary