

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

THE ISRAEL CORPORATION LTD. (the "Company")

25 June 2008

To:
The Securities Authority
22 Kanfei Nesharim Street,
Jerusalem 95464
(via MAGNA)

To:
The Tel-Aviv Stock Exchange Ltd.
54 Ehad Ha'am Street,
Tal-Aviv 65202
(via MAGNA)

Dear Sir/Madam,

Re: **Agreement between Oil Refineries Ltd. and
Israel Petrochemical Enterprises Ltd.**

Further to previous immediate reports concerning Oil Refiners Ltd. (hereinafter: "**ORL**"), including an immediate report of 1 June 2008 (reference no. 2008-01-156534), the Company hereby advises that (a) in view of the signing of the agreement (hereinafter: the "**Agreement**") between ORL and Israel Petrochemical Enterprises Ltd. (hereinafter: "**IPE**"), in the framework whereof, ORL is to purchase 50% of the shares of Carmel Olefins Limited. (hereinafter: "**CO**"), which are held by IPE, in exchange for an allotment of shares of ORL, constituting, following their allotment, 20.53% of the ORL shares, and; (b) in view of the fact that if the Agreement is executed, the percentage share of the Company's holdings in the share capital and in the voting rights in ORL will be significantly diluted.

The Company is holding negotiations with IPE in order to amend and adjust the deed of undertaking which the Company gave IPE on 1.6.2008 and the wording of the Joint Control in ORL Agreement that was attached thereto (hereinafter: the "**Deed of Undertaking**") to the new status of holdings that is to be created as a result of implementing the provisions of the Agreement, including cancellation of the Call option.

The manner in which the Company will vote at the general meeting of ORL vis-à-vis approval of the Agreement, is conditional upon completion of the negotiations with IPE, while amending and adjusting the Deed of Undertaking to the wording of the Joint Control Agreement attached thereto.

Sincerely yours,

Noga Yatziv