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ISRAEL CORPORATION LIMITED

26th July, 2007
Ref: 2007-01-337237

Securities Authority

Tel Aviv Stock Exchange

Dear Sirs,

Supplementary Immediate Report as to the Company's holdings in Oil Refineries Ltd.
("Refineries")

This Immediate Report is being filed further and supplementary to the previous Immediate Report of the Company dated 10th May 2007 ("**the Prior Report**"). All of the terms that are not expressly defined in the Report shall have the meaning assigned to them in the Prior Report.

As stated in the Prior Report, the Company entered into an irrevocable Letter of Undertakings ("**the Letter of Undertakings**") vis-à-vis Scailex Corporation Ltd. ("**Scailex**") and Petroleum Capital Holdings Ltd. ("**PCH**"), in the frame of which it was *inter alia* provided that in the event of the receipt by Scailex and PCH of all the requisite approvals for control and exercise of means of control of Refineries not later than 15th May 2009, then in such event the Company will enter into an agreement with them for joint control of Refineries ("**the Control Agreement**") in accordance with the text agreed between the parties and the principles outlined in the Prior Report.

In addition the Control Agreement provides that from the time of the exercise of the Call Option granted to PCH pursuant to the Control Agreement, then subject to any provisions of law, the parties in their capacity as shareholders of Refineries will act in such manner that the appointment of the CEO, accountant-auditors and attorneys of Refineries and of the subsidiaries of Refineries and to the extent possible companies that are affiliated to Refineries – will be made by agreement between the parties to the Control Agreement.

The Control Agreement further provides that subject to any provisions of law, the appointment of the Chairman of the Board of Directors of Refineries shall be at the

recommendation of the Company. It was also provided that the right of appointment by any of the parties to the Control Agreement to the Board of Directors of Refineries in accordance with the principles outlined in the Prior Report, shall apply also to all Board Committees with the exception of the Audit Committee and to the extent possible also to the Boards of Directors of the subsidiaries and of affiliated companies of Refineries.

As specified in section 3.8 of the Prior Report the Control Agreement enumerates certain matters which if brought for decision by a general meeting of shareholders of Refineries, the parties will agree in advance the manner in which they will vote on such matters, and in the absence of agreement, the manner of their vote will be determined by an agreed adjudicator. It was also provided (as stated in section 3.8 of the Prior Report) that the parties will take steps for amendment of the Articles of Association of Refineries so as to provide that decision on those of the agreed matters that are in the authority of the Board of Refineries shall be transferred for decision by a general meeting of the shareholders of Refineries or that the decision thereon shall require a special majority of 75% of the directors present. The aforesaid is to take effect only after exercise of the Call Option. The following is a list of the matters agreed upon: (a) entry by Refineries or any subsidiary into new fields of business; (b) issue of shares or other securities by Refineries or by a subsidiary; (c) alteration of the Articles of Refineries or of a subsidiary or company held by Refineries; (d) merger or split or reorganization of Refineries or any subsidiary; (e) transactions with an interested party that are not in the ordinary course of business of Refineries or a subsidiary or company held by Refineries; (f) appointment of the accountant-auditor of Refineries; (g) winding up of or freeze of proceedings against Refineries or any subsidiary or company held by Refineries; (h) a material sale or purchase transaction of Refineries. Material means: that the transaction may have a material effect of the assets or liabilities or profits of Refineries.

Yours faithfully,

Noga Yatziv