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ISRAEL CORPORATION LIMITED

28th June, 2007
Ref: 2007-01-307720

Securities Authority

Tel Aviv Stock Exchange

Dear Sirs,

Immediate Report

Further to the Immediate Report, dated 27th June 2007, relating to receipt of a permit for the purchase of control of Oil Refineries Ltd. ("**ORL**"), Israel Corporation Ltd. ("**the Company**") gives notice that the Company has received the permit of the State in writing, signed by the Prime Minister and by the acting Minister of Finance, for the purchase and holding of means of control of Oil Refineries Ltd. (hereinafter "**the Permit**" and "**ORL**").

The Permit is subject to the fulfillment by the Company and by owners of control of the Company listed in the Permit (Mr. Idan Ofer, Mr. Eyal Ofer and Mr. Ehud Angel) (hereinafter "**the Permit Holder**") of requirements, conditions and undertakings as specified therein, including the continuance of the present structure of ownership of Refineries and of the Company and prohibition of transfer of control without approval by the State.

In accordance with the Permit, the Permit Owner is entitled to own the control of Refineries and to own 24% or more of the means of control thereof, the aforesaid so long the direct owner of control and the means of control of Refineries is the Company alone and that control of Refineries will be exercised at the absolute and exclusive discretion of the Company.

In addition for so long as the Company is the owner of control of Refineries, Paz Oil Company Ltd. (hereinafter "**Paz**") is the owner of control of Ashdod Oil Refineries Ltd. (hereinafter "**Ashdod Refineries**") and Bank Leumi LeIsrael Ltd. (hereinafter "**the Bank**") has a right to appoint, to recommend or to prevent appointment of director of

Paz, certain restrictions have been imposed on appointment of directors by the Bank of the Company, of Refineries and of Ashdod refineries, on involvement of the Bank or of anyone on behalf of the Bank in appointment of directors in Refineries and in deliberations and decisions of the Company relating to Refineries and to Ashdod Refineries, and in relation to the disclosure of information from the Company to the Bank relating to Refineries.

Israel Corporation intends to appoint Mr. Yossi Rosen as Chairman of the Board of Directors of Refineries.

Time upon which the event first came to the notice of the Company: 27th May 2007 at 18:30.

Yours faithfully,

Noga Yatziv