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Ref: 2008-01-088815

ISRAEL CORPORATION LIMITED

Notice of Transaction pursuant to the Securities (Transaction between the Company and an Owner of Control) Regulations 2001

Israel Corporation Ltd. (“**the Company**”) gives notice that the Audit Committee and the Board of Directors of the Company decided to approve payment of special bonus in respect of the year 2007 to Mr. Idan Ofer, Chairman of the Board, who is to be regarded as an owner of control. The owners of control of the Company have a personal interest or are deemed to have a personal interest in this transaction. In addition the Board of Directors resolved to convene a General Meeting on the agenda of which will be approval of the grant of such bonus.

Summary of the Transaction and the main Terms thereof: H.L. Management and Consultancy (1986) Ltd. (that is fully owned by the Company) (hereinafter “**H.L. Management**”) will grant to the Chairman of the Board of Directors of the Company a special annual bonus in the sum of NIS 1,465,448 in addition to the bonus equal to 8 (eight) monthly salaries (totaling NIS 1,284,552), which was approved and granted to the Chairman in respect of the year 2007 in accordance with resolutions of the Audit Committee and of the Board at their meetings on 27th March 2008, by virtue of the authority granted to them by the shareholders General Meeting on 20th October 1999.

Personal Interest and Nature thereof: Ofer Holdings Group Ltd. (“**Ofer Holdings**”) owns 100% of the shares of Lin Or Investments Co. (“**Lin Or**”). Mashat (Investments) Ltd. (“**Mashat**”) and Lin Or own the shares of Millennium Investments Elad Ltd. (80% and 20% respectively) (“**Millennium**”), which owns 46.94% of the share capital of the Company. Mashat is a private company owned indirectly, by means of foreign corporations, by a foreign discretionary trust, the beneficiaries of which are Mr. Idan Ofer and his issue. In addition, Lin Or directly owns 2.88% of the share capital of the Company. Ofer Holdings is a private company the shares of which are owned in equal shares by Orona Investments Ltd. (a company owned by Mr. Ehud Angel) and L.I.N. (Holdings) Ltd. Mr. Ehud Angel owns a special share which *inter alia* confers upon him, subject to certain restrictions on particular matters, an additional vote at Board meetings of Ofer Holdings. It should also be noted that Mr. Idan Ofer indirectly owns 3.33% of the share capital of the Company. Furthermore Kirby Enterprises Inc. indirectly owns by means of foreign trusts the main beneficiaries of which Mr. Idan Ofer and his issue, 0.74% of the share capital of the Company. The Company, for the sake of prudence and caution, chose to regard the corporations referred to above as owners of a personal interest in the grant of the bonus that is the subject of this report, due to their relationship to the chairman as described above. The personal interest of Mr. Idan Ofer ensues from the fact that he is the recipient of the bonus.

Personal Interest of Director and Nature thereof: Mr. Idan Ofer has an inherent personal interest as he is the recipient of the bonus. It is to be noted that for the sake of prudence and caution Messrs. Ehud Angel and Amnon Lion did not participate in the discussion and vote on the grant the said bonus since they may be regarded as having a personal interest in the approval due to the fact that they are involved in business relations with Mr. Idan Ofer and/or members of his family.

Notice of Convention of General Meeting, Majority required and Record Date for Vote by Shareholders: Notice is hereby given that on 14th May 2008, at 12:00 a.m., a General Meeting of the shareholders of the Company will be held at the offices of the Company at 23 Aranha Street, Millennium Tower, Tel Aviv.

The requisite majority at the Meeting for approval of the transaction on the agenda is a majority of the votes of the shareholders present at the meeting, in person or by proxy, who are entitled to participate in the vote provided that one of the following conditions is complied with: (a) the majority vote at the General Meeting includes at least one third of the total of votes of those shareholders who do not have a personal interest in approval of the transaction and who participate in the vote; in the count of the total of votes of such shareholders, abstention votes will not be taken into account; (b) the total of opposition votes of the shareholders as in paragraph (a) aforesaid does not exceed one percent of the total of voting rights in the Company.

A shareholder is entitled to appoint a proxy to participate and vote on his behalf at the General Meeting in accordance with the provisions of the Byelaws of the Company. Proxy instruments must be deposited at the registered office of the Company at least 48 hours before the time fixed for the meeting or the adjourned meeting.

A shareholder may vote by means of a Voting Form. For such purpose the vote of a shareholder by means of a Voting Form will be regarded as a vote by a shareholder present and voting at the meeting. Vote by means of Voting Form by a shareholder who wishes to vote by means of Voting Form instead of participation at the meeting in person and/or by proxy, is to be made by means of the second part of the Voting Form attached as Schedule 1 to this Report. The Voting Form and documents to be attached thereto as detailed in the Voting Form, must be delivered to the offices of the Company at least 72 hours before the time fixed for the meeting. For such purpose the time of delivery is the time at which the Voting Form and the documents to be attached thereto arrive at the office of the Company.

The Record Date for entitlement of a shareholder to vote at the meeting, in accordance with section 182 of The Companies Law, 1999, is 6th April 2008 (“**the Record Date**”).

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

A quorum will be constituted by the presence in person or by proxy of at least five shareholders who together hold at least twenty five percent of the voting rights. If no quorum is present half an hour after the time fixed for the meeting, the meeting will be adjourned for seven days to the same day, at the same time and at the same place, without need for notification of same to the shareholders, and if no quorum is present at the adjourned meeting after half an hour of the time fixed for the meeting – the shareholders present will constitute a legal quorum.

Shareholders can, at their request, obtain a Certificate of Ownership, in the meaning of section 71 of the Companies Law, at a branch of the Stock Exchange member, or by mail. Such request must be made in advance and related to a specific securities account. Shareholders who are not registered are entitled to receive by email, without payment, a link to the text of the Voting Form and Standpoint Notice from the Distribution Site from the Stock Exchange member by means of whom they hold their shares, unless such shareholder has notified the Stock Exchange member that he is not interested in receiving

any such link or that he wishes to receive Voting Forms by mail against payment; such notice as to Voting Forms applies also to receipt of Standpoint Notices.

A Standpoint Notice of a shareholder may be submitted up to ten days after the Record Date for entitlement to vote at the General Meeting, as provided in section 182 of the Companies Law, namely 6th April 2008. A Standpoint Notice with the response of the Board of Directors may be submitted not later than five days after the final date for sending Standpoint Notices by shareholders as aforesaid.

A Voting Form will only be valid if there is attached thereto a Certificate of Ownership of an unregistered shareholder (namely a person to whose credit shares are registered by a Stock Exchange member, which shares are included among the shares registered in the Shareholders Register in the name of the Nominee Company), or a photocopy of the Identity Certificate, Passport or Incorporation Certificate, as the case may be, of a shareholder who is registered in the books of the Company.

Such Voting Form together with the attached documents must be delivered at the office of the Company up to 72 hours prior to the time of convention of the meeting. For such purpose the time of delivery is the time at which the Voting Form and documents to be attached thereto reach the office of the Company.

Perusal of Documents; Shareholders of the Company may peruse the relating to the transaction at the offices of the Company on Sundays through Thursdays between the hours of 09:00-16:00 by prior appointment at telephone 03-6844500.

SCHEDULE 1

ISRAEL CORPORATION LIMITED

VOTING FORM

In accordance with the Companies (Voting Form and Standpoint Notice) Regulations 2005 (hereinafter “the Voting Regulations”)

FIRST PART

1. **Name of Company:** Israel Corporation Ltd. (hereinafter “the Company”)
2. **Type, Date and Place of Meeting:** Special General Meeting to be held at the offices of the Company at 23 Aranha Street (Millennium Tower), on Thursday 14th May 2008 at 12:00 (hereinafter “the Meeting”), and any adjourned meeting.
3. **Particulars of the items on the agenda on which voting by means of a Voting Form is permissible:**

Approval of Bonus for Mr. Idan Ofer: As detailed in the Immediate Report of the Company dated 30th March 2008, on the agenda is the approval of the grant of an annual bonus to Mr. Idan Ofer, Executive Chairman of the Board of Directors of the Company, in an amount of NIS 1,465,448 in respect of the year 2007 (hereinafter “the Annual Bonus”). The bonus will be paid by H.L. Management & Consultancy (1986) Ltd., a private company fully owned by the Company. The bonus is in addition to a bonus equal to 8 (eight) monthly salaries (in a total amount of NIS 1,294,552) that was approved and granted to the Chairman of the Board in respect of 2007 by a decision of the Audit Committee and the Board at their meetings on 27th March 2008 by virtue of the authority granted to them by a Shareholders General Meeting on 20th October 1999.

Proposed resolution: To approve payment of a special annual bonus in the amount of NIS 2.750,000 to Mr. Idan Ofer, Executive Chairman of the Board of Directors of the Company, in respect of the year 2007.
4. **Inspection of Documents:** Shareholders may inspect the full text of the proposed resolution and the other documents relating to the business on the agenda, at the offices of the Company at 23 Aranha Street, Tel Aviv, on Sunday to Thursday during the hours 09:00 to 16:00 with prior arrangement by telephone 03-6844500.
5. **Requisite Majority:** The requisite majority required for approval of the aforesaid transaction is a majority of the votes of the participants at the meeting who are entitled to participate in the vote, provided that one of the following requirements is

- met: (a) At least one third of all votes of shareholders who do not have a personal interest in approval of the transaction must be included in the count of the majority of votes at the General Meeting; abstention votes will not be counted in the votes of such shareholders; (b) The total votes of shareholders as in part (a) above who are against approval does not exceed one percent of the total of voting rights in the Company.
6. **Shareholders with a Personal Interest or Control Owners:** The Second Part of the Voting Form contains a place in which to indicate the existence or absence of a personal interest in the aforesaid resolution and particulars of the nature of the personal interest. If a shareholder does not indicate as above or does not give particulars of the nature of the personal interest, the vote of the shareholder will not be counted.
 7. **Validity of Voting Form:**
 - 7.1 The Voting Form will be valid if there is attached thereto a Certificate of Ownership of an unregistered shareholder (namely a person to whose credit shares are registered with a Stock Exchange member and such shares are among the shares registered in the Shareholders' Register in the name of the Nominee Company), or a photocopy of the identity certificate, passport or incorporation certificate, as the case may be, if the shareholder is registered in the Shareholders' Register.
 - 7.2 The Voting Form together the attached documents must be delivered to the offices of the Company up to 72 hours prior to time for convention of the Meeting. For this purpose the time of delivery is the time at which the Voting Form and the documents required to be attached thereto reach the offices of the Company.
 8. **The Company does not enable voting by means of internet.**
 9. **Address for delivery of the Voting Forms and Standpoint Notices:** The offices of the Company at 23 Aranha Street (Millennium Tower), Tel Aviv.
 10. **Final Date for Filing of Standpoint Notice:** A notice as to the standpoint of a shareholder may be filed up to ten days subsequent to the Record Date for entitlement of a shareholder to vote at the General Meeting, as fixed in section 182 of The Companies Law, namely Thursday 6th April 2008. A Standpoint Notice with the reaction of the Board of Directors of the Company may be filed not later than five days subsequent to the last day for submission of a Standpoint Notice by shareholders as aforesaid.

11. Address of the Distribution Site of the Stock Exchange in which Voting Forms and Standpoint Notices may be found:

- Address of Distribution Site of The Securities Authority: www.magna.isa.gov.il
- Internet address of Stock Exchange: www.maya.tase.co.il

12. Additional Notes as required by the Voting Regulations:

12.1 Shareholders are entitled to receive a Certificate of Ownership within the meaning of section 71 of the Companies Law at the branch of the member of the Stock Exchange or by mail, if the shareholder so requests. For such purpose the request must be made in advance to a specific securities account.

12.2 An unregistered shareholder may receive by email, without payment, a link to the text of the Voting Form and Standpoint Notice at the Distribution Site, from the Stock Exchange member by means of who the shareholder holds its shares, except if the shareholder notified the Stock Exchange member that the shareholder is not interested in the receipt of such link or that the shareholder wishes to receive Voting Forms by mail in consideration for payment; the notice in respect of Voting Forms will apply also to receipt of Standpoint Notices.

12.3 One or more shareholder owning shares at a rate that constitutes five percent or more of the total voting rights in the Company as well as a shareholder owning such a rate out of the total voting rights that are not owned by a controlling shareholder of the Company, as defined in section 268 of the Companies Law, may inspect the Voting Forms as specified in Regulation 10 of the Voting Regulations.

12.3.1 As of the date of preparation of this Voting Form, the quantity of shares that constitute 5% of the total voting rights in the Company is 380,580 Ordinary Shares of NIS 1 par value each.

12.3.2 As of the date of preparation of this Voting Form, the quantity of shares that constitute 5% of the total voting rights in the Company that are not owned by a controlling shareholder of the Company is 173,149 Ordinary Shares of NIS 1 par value each.

12.4 A shareholder must indicate, in the Second Part of this Voting Form, the way in which the shareholder votes in respect of every item on the agenda in respect of which voting may be carried out by means of this Voting Form.

ISRAEL CORPORATION LIMITED

VOTING FORM

SECOND PART

Part A

Name of Company: Israel Corporation Ltd. (hereinafter “the Company”)

No. of Company: 52-002801-0

Address of Company (For service and mail of Voting Deeds):

20 Aranha Street (Millennium Tower) Tel Aviv

Time of Meeting: Sunday, 14th May 2008 at 12:00, and any adjourned meeting.

Type of Meeting: Special General Meeting.

Record Date: 6th April 2008.

Internet Voting: The Company does not enable voting by means of internet.

Part B (to be filled in by the shareholder)

1. **Shareholder's Details:**

1.1 Name of shareholder - _____

1.2 ID Number - _____

1.3 Passport No. (if the shareholder does not hold an Israel ID) _____

1.4 Country of passport issued - (if the shareholder does not hold an Israel ID) _____

1.5 Valid until - (if the shareholder does not hold an Israel ID) _____

2. Company No. (if the shareholder is a corporation) _____

3. Country of incorporation - (if the shareholder is a corporation) _____

Manner of Vote:

Number of item on Agenda	Manner of Vote ¹			Do you have a personal interest in the Resolution ²	
	For	Against	Abstain	Yes ³	No
Approval of Annual Bonus in a total amount of NIS 2,750,000 to the Chairman of the Board of directors in respect of the year 2007					

* Please specify the relevant interest

- (a) With regard to shareholders who hold shares by means of a Stock Exchange Member (pursuant to section 177(1) of The Companies Law, this Voting Deed will be valid only if accompanied by a Certificate of Ownership.
- (b) With regard to shareholders who are registered in the Shareholders Register of the Company, this Voting Deed will be valid if accompanied by a photocopy of the Identity Certificate/Passport/Certificate of Incorporation.

Date: _____

Signature: _____

¹ If not completed, voting on this item will be treated as abstention.

² The vote of a shareholder who does not complete this column or who marks "yes" but does not give details, will not be counted.