

Translation from the Hebrew. The Hebrew version is the binding version.

Re: Immediate Report on calling a Special General Meeting in accordance with the Securities (Immediate and periodic reports) Regulations, 5730-1970, the Companies Law, 5759-1999 and the Securities (Transaction between a company and its controlling shareholder) Regulations, 5751-2001

Notice is hereby given in accordance with the Securities (Immediate and periodic reports) Regulations, 5730-1970 ("the Immediate Report Regulations"), the Companies Law, 5759-1999 ("the Companies Law") and the Securities (Transaction between a company and its controlling shareholder) Regulations, 5751-2001 ("Transaction between a Company and its Controlling Shareholder Regulations"), concerning the engagement of Israel Chemicals Ltd. ("the Company") in a management agreement with Israel Corporation Ltd., the controlling shareholder in the Company and/or with H.L Management & Consulting (1986) Ltd., a wholly owned subsidiary of Israel Corporation ("Israel Corporation"), and concerning the calling of a Special General Meeting of the shareholders of the Company, which will convene on Monday, July 20, 2009 at 10:00, in order to approve the Company's engagement in that agreement.

The agenda of the Special General Meeting of the Company

The resolution on the agenda of the Special General Meeting of the Company will be the following:

To approve the Company's engagement in an agreement for receipt of management services from Israel Corporation ("the Management Agreement").

Brief description of the transaction and its principal terms

The proposed Management Agreement is for a term of three years (2009 – 2011), and includes the provision of management services to the Company by Israel Corporation, including by means of office-holders in Israel Corporation who might serve as directors in the Company and the subsidiaries of the Company, for a total consideration of USD 3.5 million per year + VAT. The Audit Committee and the Board of Directors of the Company approved the Management Agreement on June 9, 2009 and on June 10, 2009 respectively. The Management Agreement will come into force on the date of its approval by the General Meeting of the Company and will apply retroactively from January 1, 2009 to December 31, 2011.

Name of the controlling shareholder with a personal interest in the resolution and the essence of that personal interest

Israel Corporation is considered to be the controlling shareholder in the Company, as that term is defined in Section 268 of the Companies Law, by virtue of its 53.1% holding in the issued share capital and the voting rights in the Company (52.63% at full dilution). Israel Corporation has personal interest in the above resolution as a party to the Management Agreement. Furthermore, Ofer Investments Group Ltd. ("Ofer Investments") holds shares in the Company representing 0.03% of the Company's issued capital and voting rights, and is a subsidiary of Ofer Holdings Group Ltd., a shareholder in Israel Corporation. These companies are associates of those considered to be controlling shareholders in Israel Corporation, and therefore are likely to be considered parties with a personal interest in the resolution. This being the case, the shares of the Company held by Israel Corporation and by Ofer Holdings Group Ltd. (through Ofer Investments) are deemed to be shares held by a party of personal interest for the matter of the resolution on the agenda of the general meeting.

Shareholders likely to be deemed parties with a personal interest in approval of the resolution

The following shareholders are likely to be deemed parties with a personal interest in the approval of the resolution: Mr. Akiva Moses (in that he is CEO of the Company), Mr. Moshe Vidman (in that he serves as a director in Israel Corporation), Mr. Yossi Rosen (in that he is an office-holder in companies controlled by the controlling shareholder in Israel Corporation), and Ferson Chemicals Ltd., Rotem Amfert Negev Ltd. and IDE Technologies Ltd. (in that they are subsidiaries of the Company). This being the case, Company shares held by these shareholders will be seen as shares held by a party with a personal interest for the matter of the resolution on the agenda of the meeting.

Names of the directors who have a personal interest in approval of the resolution and the essence of that personal interest

The following directors are likely to be considered as having a personal interest in the approval of the resolution: Mr. Nir Gilad and Mr. Moshe Vidman, in view of their service as CEO and director (respectively) in Israel Corporation, and for the sake of caution also Mr. Avisar Paz and Mrs. Noga Yatziv, in view of their service as officers in Israel Corporation, and Mr. Yossi Rosen, an office-holder in companies controlled by the controlling shareholder in Israel Corporation.

Details of the Special General Meeting

Date and place of the meeting

A Special General Meeting of the shareholders of the Company will convene on Monday, July 20, 2009 at 10:00, in the registered office of the Company at 23 Aranha Street, Millennium Tower (23rd floor) in Tel Aviv. The agenda of the meeting is the approval of an engagement between the Company and Israel Corporation in an agreement for the receipt of management services.

Eligibility to vote and the effective date

The effective date for the matter of eligibility of a shareholder to attend and vote at the Special General Meeting, pursuant to Section 182 of the Companies laws and Article 3 of the Companies (Voting slips and position notices) Regulations, 5766-2005, is the close of trading on the Tel Aviv Stock Exchange Ltd. on Thursday, June 18, 2009, ("the Effective Date"). A shareholder wishing to attend and vote at the meeting will be entitled to do so upon presentation of confirmation of his ownership of shares on the Effective Date, drawn up in accordance with the Companies (Proof of ownership of a share for voting at the general meeting) Regulations, 5760-2000.

A Company shareholder may attend and vote at the meeting in person or may appoint a proxy, who can attend the general meeting and vote on his behalf (as provided in the Articles of Association of the Company). A letter of appointment appointing such a proxy to vote ("the Letter of Appointment") must be in writing and signed by the appointer, and if the appointer is a corporation, it must be signed in a way duly binding upon the corporation. The Letter of Appointment should be deposited in the Company's offices at least 48 hours prior to the start of the meeting or the postponed meeting, as the case may be.

Pursuant to the Companies (Proof of ownership of a share for voting at the general meeting) Regulations, 5760-2000, a shareholder in whose name a share is registered with a member of the stock exchange and that share is included among the shares registered in the register of members in the name of the nominee company, who wishes to vote at the general meeting, should submit to the Company confirmation from that member of the stock exchange with which its right to a share is registered, concerning its ownership of the share on the Effective Date, as required under those Regulations.

Quorum and postponed meeting

A quorum for holding the meeting is constituted when there are at least two shareholders present, in person or by proxy, who together hold more than 50% of the issued shares granting voting rights in the Company, within half an hour of the time set for opening the meeting. If a quorum is not present at the general meeting at the end of half an hour from the time set for the start of the meeting, the meeting will be postponed to the same day of the following week, at the same time and in the same place. If at the postponed meeting a quorum is not constituted after the half an hour from the time set for the meeting, then two shareholders who have voting rights and who hold at least one third of the issued share capital of the Company, who are present in person or by proxy, shall constitute a quorum.

Majority required

The majority required for passing the resolution on the agenda is a majority of the votes of the shareholders who attend, in person or by proxy or by means of voting slips, who are entitled to attend the meeting and who participate in the vote, provided that one of these conditions exists:

- (1) The count of the majority votes includes at least one third of all the votes of the shareholders who do not have a personal interest in the passing of the resolution, who participate in the vote; the count of all the votes of the shareholders will not take abstentions into account.
- (2) The total votes against the resolution from among the shareholders referred to in sub-section 10.2.1 do not exceed one percent of all the voting rights in the Company.

Voting slip and position notices

A shareholder may vote at the general meeting on the resolution on the agenda by means of a voting slip as described below. The text of the voting slip and position notices in respect of this meeting can be found on the website of the Securities Authority at www.magna.isa.gov.il and on the website of the Tel Aviv Stock Exchange Ltd. at www.tase.co.il. A shareholder may apply to the Company directly and receive, free of charge, the text of the voting slip and the position notice. The vote will be cast on the second part of the voting slip, as published on the Securities Authority website at the above address.

A member of the stock exchange will send, free of charge, by e-mail, a link to the text of the voting slip and position notice on the Securities Authority website, to any shareholder who is not registered in the Members Register and whose shares are registered with a member of the stock exchange, if the shareholder requests it and provided that its request was made for a specific securities account and on a date prior to the Effective Date.

A shareholder whose shares are registered with a member of the stock exchange is entitled to receive the confirmation of ownership from the member of the stock exchange through which it holds its shares, at the branch of the member of the stock exchange or by mail to its address, in consideration of the postage only, if it requests it, and provided that the request on this matter is submitted in advance to the particular securities account.

The voting slip and the documents that must be attached to it (as listed on the voting slip) must be submitted by 72 hours prior to the time of convening the meeting, i.e. by July 17, 2009 at 10:00. For this matter, "time of submission" is the time at which the voting slip and the documents that must be attached to it arrive at the Company's offices.

The last date for submission of position notices to the Company is June 28, 2009. The last date for submission of the response of the Board of Directors to position notices, if and insofar as position notices of shareholders are submitted and the Board of Directors elects to submit its response to those position notices, is July 3, 2009.

A voting slip and position notices should be delivered by hand or by registered mail.

At the date of this report, the number of shares representing 5% of all the voting rights in the Company is 63,256,385 ordinary shares of the Company. At the date of this report, the number of shares representing 5% of all the voting rights not held by the controlling shareholder in the Company as defined in Section 268 of the Companies Law, is 29,649,126 ordinary shares of the Company.

A shareholder participating in the vote at the meeting, whether in person or by proxy, should notify the Company prior to the vote at the meeting, or if the vote is by means of voting slips – on the voting slip by marking Part B of the voting slip in the designated place, of whether it has a personal interest in approval of the resolution on the agenda of the meeting or not. A shareholder or its proxy who does not give such notice will not vote at the meeting and its vote will not be counted.

Review of the immediate report

A copy of this report can be reviewed by appointment with the General Counsel and Company Secretary, Adv. Lisa Haimovitz, at the registered office of the Company as noted above, at telephone no. 03-6844412, on Sunday – Thursday between 09:00 and 16:00, up to the date of convening the Special General Meeting, and also on the website of the Securities Authority at www.magna.isa.gov.il.

June 16, 2009

The Securities Authority
22 Kanfei Nesharim Street
Jerusalem

The Tel Aviv Stock Exchange Ltd.
54 Ahad Ha'am Street
Tel Aviv

By Magna

By Magna

Re: Immediate Report on calling a Special General Meeting in accordance with the Securities (Immediate and periodic reports) Regulations, 5730-1970, the Companies Law, 5759-1999 and the Securities (Transaction between a company and its controlling shareholder) Regulations, 5751-2001

Notice is hereby given in accordance with the Securities (Immediate and periodic reports) Regulations, 5730-1970 ("the Immediate Report Regulations"), the Companies Law, 5759-1999 ("the Companies Law") and the Securities (Transaction between a company and its controlling shareholder) Regulations, 5751-2001 ("the Controlling Shareholder Regulations"), concerning the engagement of Israel Chemicals Ltd. ("the Company") in a management agreement with Israel Corporation Ltd., the controlling shareholder in the Company, and/or H.L. Management & Consulting (1986) Ltd., a wholly owned subsidiary of Israel Corporation ("Israel Corporation") as set out in this report, and concerning the calling of a Special General Meeting of the shareholders of the Company, which will convene on Monday, July 20, 2009 at 10:00, in order to approve the Company's engagement in that agreement.

1. Background and explanatory notes

- 1.1 Since 1996, Israel Corporation has continuously provided the Company with management services based on an annually-renewed engagement. The management services included regular general advice, including professional, financial, strategic and managerial advice, and advice and representation in matters of communications and regulation. The management fees paid by the Company during that period were USD 2.5 million per year, plus statutory VAT ("the Original Management Fees").
- 1.2 During the period since the amount of the Original Management Fees was set, the Company's business has expanded and become more complex, the scope of its operations has expanded significantly, it has acquired new companies and added new segments of operation, some of them even in new geographical regions. As a result, the scope, complexity and types of management services provided to the Company by office-holders in Israel Corporation has increased considerably.
- 1.3 Notwithstanding the aforesaid, the Original Management Fees, which were set at a nominal dollar amount, were not revised by the parties between 1996 and 2008, and remained unchanged.
- 1.4 Furthermore, throughout those years, directors served and are serving in the Company who were or are employed concurrently as office-holders in Israel Corporation. At the date of this report, there are three directors in the Company who are employed concurrently as office-holders in Israel Corporation, whose compensation in respect of their service as directors in

2008, in addition to the management fees paid to Israel Corporation, amounted to approximately USD 200,000.

- 1.5 In view of the foregoing, in May 2008 the managements of the Company and of Israel Corporation reviewed the current terms of the existing engagement between them and the possibility of reaching agreement in principle whereby the Company will engage with Israel Corporation in a new management agreement for a term of three years (2009 – 2011), under which the management fees for each of the years 2009 to 2011 (inclusive) will be increased to USD 3.5 million, and whereby, commencing January 1, 2009, the Company will cease to pay directors' compensation in respect of directors in the Company and its subsidiaries who are employed concurrently as office-holders in Israel Corporation.
- 1.6 The Audit Committee and the Board of Directors of the Company approved, on June 9, 2009 and June 10, 2009 respectively, the engagement of the Company in the new management agreement with Israel Corporation, as noted in Section 1.5 above.
- 1.7 The Company's engagement in the new management agreement with Israel Corporation is subject to the approval of the Special General Meeting of the shareholders of the Company, which is called pursuant to this report.

2. The main points of the transaction

The proposed transaction is engagement in an agreement for the receipt of management services between the Company and Israel Corporation for a period of three years, to the end of 2011 ("the Management Agreement"). Below are the main terms of the Management Agreement, if approved by the General Meeting.

- 2.1 Israel Corporation will provide the Company and its subsidiaries with management services in their areas of operation, which include general and regular advice, including professional, financial, strategic, and managerial advice, advice and representation in matters of communications and regulation ("the Management Services"). The parties may decide, by consent, that the scope of the Management Services should be broadened into other areas.
- 2.2 The Management Services will be provided to the Company and its subsidiaries by office-holders of Israel Corporation, and where necessary also by managers and/or employees and/or consultants of Israel Corporation, depending on the needs of the Company and its subsidiaries.
- 2.3 Commencing 2009, the Company and its subsidiaries (as the case may be) will cease to pay directors' compensation for the service of office-holders employed by Israel Corporation or by H.L. Management & Consulting (1986) Ltd. (a wholly owned subsidiary of Israel Corporation) on the Board of Directors and committees of the Company and its subsidiaries, as the case may be.
- 2.4 For the provision of these Management Services, the Company will pay Israel Corporation annual management fees of USD 3.5 million plus statutory VAT, against an official tax invoice ("the Consideration"). The Consideration will be paid in 12 monthly installments,

with the payment for each calendar month being made in the following month against submission of an official tax invoice by Israel Corporation. Each payment will be made in NIS at the representative exchange rate of the US dollar known on the date of payment.

- 2.5 The Management Agreement, which is contingent upon the approval of the general meeting of the shareholders of the Company, will come into force on the date of that approval and will apply retroactively from January 1, 2009 to December 31, 2011. At the end of the term of the agreement, the parties may decide to extend it, subject to the approvals required by law.
- 2.6 Below are the payment amounts in this engagement (if approved by the general meeting), in accordance with the sixth Addendum to the Securities (Immediate and periodic reports) Regulations, 5730-1970:

Compensation recipient			Compensation for services						Other compensation			Total
Name	Title and position fraction	Holding % in corporation's equity	Salary	Bonus	Share-based payment	Management fees ¹ (in terms of annual cost to the corporation)	Consultation fees / commission	Other	Interest	Rent	Other	
Israel Corporation Ltd. and/or H.L. Management & Consulting (1986) Ltd.	---	53.1%	--	--	--	USD 3.5 million Plus VAT	--	--	--		--	USD 3.5 million + VAT

3. Name of controlling shareholder with a personal interest in the resolution and the essence of that interest

- 3.1 Israel Corporation is considered to be the controlling shareholder in the Company as that term is defined in Section 268 of the Companies Law, by virtue of its 53.1% holding in the issued share capital and the voting rights in the Company (52.63% at full dilution). Israel Corporation has a personal interest in the above resolution as a party to the Management Agreement. Furthermore, Ofer Investments Group Ltd. ("Ofer Investments") holds shares in the Company representing 0.03% of the Company's issued capital and voting rights. Ofer Investments is a subsidiary of Ofer Holdings Group Ltd., a shareholder in Israel Corporation. These companies are associates of those considered to be controlling shareholders in Israel Corporation, and therefore are likely to be considered parties with a personal interest in the resolution. This being the case, the shares of the Company held by Israel Corporation and by Ofer Holdings Group Ltd. (through Ofer Investments) are deemed to be shares held by a party of personal interest for the matter of the resolution on the agenda of the general meeting.

¹In 2008 and 2007, the Company paid Israel Corporation management fees amounting to USD 2.5 million per year + statutory VAT, under prior management agreements.

3.2 Pursuant to the requirements of the Controlling Shareholder Regulations, below is a list of the material shareholders in Israel Corporation at the date of this report, according to the immediate reports of Israel Corporation:²

Material shareholder	Name of paper	Number of securities	Equity holding	Voting rights	Equity holding at full dilution	Voting rights at full dilution
Bank Leumi le'Israel Ltd.	Ordinary shares	1,382,802	17.96%	18.15%	17.96%	17.96%
Kirby Enterprises Inc.	Ordinary shares	57,054	0.74%	0.75%	0.74%	0.74%
Idan Ofer	Ordinary shares	296,597	3.85%	3.89%	3.85%	3.85%
Millennium Investments Elad Ltd.	Ordinary shares	3,613,446	46.94%	47.44%	46.94%	46.94%
Ofer Holdings Group Ltd.	Ordinary shares	225,472	2.93%	2.96%	2.93%	2.93%

3.3 Shareholders likely to be deemed parties with a personal interest in approval of the resolution

The following shareholders are likely to be deemed parties with a personal interest in the approval of the resolution: Mr. Akiva Moses (in that he is CEO of the Company), Mr. Moshe Vidman (in that he serves as a director in Israel Corporation), Mr. Yossi Rosen (in that he is an office-holder in companies controlled by the controlling shareholder in Israel Corporation), and Ferson Chemicals Ltd., Rotem Amfert Negev Ltd. and IDE Technologies Ltd. (in that they are subsidiaries of the Company). This being the case, Company shares held by these shareholders will be seen as shares held by a party with a personal interest for the matter of the resolution on the agenda of the meeting.

4. Method of determining the Consideration

The Consideration paid in respect of the Management Services was determined by negotiation between the Company and Israel Corporation, taking into account the amount of the Original Management Fees, the significant increase in the volume and type of the services provided to the Company under the Management Agreement (since the Original Management Fees were set), the areas in which those services are provided for the Company, the quality and the contribution of the Management Services to the advancement of the Company's operations, and with due attention to the time and managerial inputs and the resources invested by office-holders in Israel Corporation in providing the Management Services to the Company and its subsidiaries. Data concerning the scope and type of the Management Services provided to the Company under the Management Agreement were presented to the Audit Committee and the Board of Directors by Israel Corporation, as well as comparison data concerning management fees paid under management agreements between several other public companies on the TA-25 index on the Tel Aviv Stock Exchange Ltd. and their controlling shareholders (insofar as such data are available).

² Israel Corporation is a public company whose shares are traded on the Tel Aviv Stock Exchange Ltd.

5. Approvals required for implementation of the transaction

- 5.1 Approval of the Audit Committee of the Company – given on June 9, 2009.
- 5.2 Approval of the Board of Directors of the Company – given on June 10, 2009.
- 5.3 Approval of the general meeting of the shareholders of the Company – called pursuant to this report for July 20, 2009.
- 5.4 Approval of the authorized bodies of Israel Corporation.

6. Details of transactions of the same or similar kind to this transaction, between the Company and the controlling shareholder in the past two years

As mentioned above, from 1996 onwards there have been annual engagements between the Company and Israel Corporation for the provision of management services, including in 2007 and 2008, whereby services were provided to the Company in the format described in the Management Agreement, for which the Company paid Israel Corporation annual management fees of USD 2.5 million plus VAT.

7. The reasons of the Audit Committee and the Board of Directors for approving the transaction, for the amount of the Consideration and for the way in which it was set

The Audit Committee and the Board of Directors of the Company reviewed the terms of the engagement in the Management Agreement, the scope, type and quality of the services provided under it to the Company by Israel Corporation, the Consideration set and the background material presented to them (including the comparison data mentioned in Section 4 above), and decided to approve the Management Agreement in its proposed format, based on the following considerations:

- 7.1 The Audit Committee and the Board of Directors found, *inter alia*, in view of the longstanding and ongoing experience of receiving management services from Israel Corporation, their high standard and their contribution to the Company, that the Company's engagement with Israel Corporation in the Management Agreement for the years 2009 – 2011, is in the best interests of the Company.
- 7.2 The amount of the Original Management Fees for the Management Services has been the same nominal USD amount since 1996, without being updated or changed and without taking into account the rise in the cost of living in Israel or the U.S.
- 7.3 For the significant period that has elapsed since the Original Management Fees were set, the Company's business has greatly expanded and become more complex, the volume of its operations has increased significantly, it has acquired new companies, and new segments of operations have been added (including the acquisition of large companies), some of them even in new geographical regions.
- 7.4 Accordingly, during the period that has elapsed since the Original Management Fees were set, there has been a material and continuous increase in the scope, complexity and type of services provided to the Company by Israel Corporation, including regular general advice, professional, financial, strategic and managerial advice, advice and representation in matters

of communications and regulation, and including, *inter alia*, a considerable increase in the time and managerial inputs invested by office-holders in Israel Corporation.

7.5 The Consideration paid for the Management Services is fair and reasonable in the circumstances, even though it is higher than the average management fees in the comparison data presented to the Audit Committee and the Board of Directors (see Section 4 above), taking note of the present volume and complexity of the Company's operations, the scope and type of the Management Services provided to the Company, their quality and contribution to the advancement of the operations of the Company and its subsidiaries, the importance of continuity in the provision of the Management Services to the Company by Israel Corporation, and taking into account that commencing 2009, the Company and the subsidiaries will cease to make additional payment for the compensation of directors who are office-holders employed by Israel Corporation or by H.L. Management & Consulting Ltd., a wholly owned subsidiary of Israel Corporation (on this matter, see Sections 1.4 and 2.3 above).

8. Names of directors who participated in the discussions of the Audit Committee and the Board of Directors

8.1 The Audit Committee meeting on June 9, 2009, at which the resolution was approved, was attended by Mr. Yaakov Dior (external director), Mr. Yair Orgler (external director), Mr. Haim Erez, Mr. Amnon Sadeh and Mr. Victor Medina. For the sake of caution, director Mrs. Noga Yatziv did not attend the meeting of the Audit Committee (see Section 9 below).

8.2 The Board meeting on June 10, 2009, at which the resolution was approved, was attended by Mr. Yaakov Dior (external director), Mr. Yair Orgler (external director), Mr. Haim Erez, Mr. Amnon Sadeh, Mr. Victor Medina and Mr. Avraham (Baiga) Shochat. The following directors have a personal interest in approval of the Management Agreement and therefore did not attend the Board meeting: Mr. Nir Gilad and Mr. Moshe Vidman, and for the sake of caution, Mr. Avisar Paz, Mr. Yossi Rosen and Mrs. Noga Yatziv (see Section 9 below).

9. Names of directors who have a personal interest in approval of the resolution and the nature of the personal interest

The following directors could be considered as having a personal interest in approval of the resolution: Mr. Nir Glad and Mr. Moshe Vidman, since they serve as CEO and director (respectively) in Israel Corporation, and for the sake of caution Mr. Avisar Paz and Mrs. Noga Yatziv, since they serve as officers in Israel Corporation, and Mr. Yossi Rosen, due to his being an office-holder in companies controlled by the controlling shareholder in Israel Corporation.

10. Notice of convening a Special General Meeting

10.1 Pursuant to the Securities (Immediate and periodic reports) Regulations, 5730-1970 ("the Immediate Report Regulations"), the Companies Law, 5759-1999 ("the Companies Law") and the Securities (Transaction between a company and its controlling shareholder) Regulations, 5751-2001 ("the Controlling Shareholder Regulations"), notice is hereby given of the convening of a Special General Meeting of the shareholders of the Company, to be

held on Monday, July 20, 2009 at 10:00, at the registered office of the Company, 23 Aranha Street, Millennium Tower (23rd floor) in Tel Aviv. On the agenda of the meeting is the following resolution (which is described in this report):

Following the decision of the Audit Committee and the Board of Directors of the Company on June 9, 2009 and June 10, 2009 respectively, to approve the engagement of the Company in an agreement for the receipt of management services from Israel Corporation and/or H.L. Management & Consulting (1986) Ltd., a wholly owned subsidiary of Israel Corporation.

10.2 The majority required for passing the resolution at the general meeting

The majority required for passing the resolution on the agenda is a majority of the votes of the shareholders who attend, in person or by proxy or by means of voting slips, who are entitled to attend the meeting and who participate in the vote, provided that one of these obtains:

10.2.1 The count of the majority votes includes at least one third of all the votes of the shareholders who do not have a personal interest in the passing of the resolution, who participate in the vote; the count of all the votes of the shareholders will not take abstentions into account

10.2.2 The total votes against the resolution from among the shareholders referred to in subsection 10.2.1, do not exceed one percent of all the voting rights in the Company.

10.3 Quorum

A quorum for holding the meeting is constituted when there are at least two shareholders present, in person or by proxy, who together hold more than 50% of the issued shares granting voting rights in the Company, within half an hour of the time set for opening the meeting. If a quorum is not present at the general meeting at the end of half an hour from the time set for the start of the meeting, the meeting will be postponed to the same day of the following week, at the same time and in the same place. If at the postponed meeting a quorum is not constituted after the elapse of half an hour from the time set for the meeting, then two shareholders who have voting rights and who hold at least one third of the issued share capital of the Company, who are present in person or by proxy, shall constitute a quorum.

10.4 Eligibility to vote

10.4.1 Pursuant to Section 182 of the Companies Law and to Article 3 of the Companies (Voting slips and position notices) Regulations, 5766-2005, the effective date for determining the eligibility of a shareholder in the Company for the matter of the right to attend and vote at the Special General Meeting and the postponed meeting, is the close of trading on the Tel Aviv Stock Exchange Ltd. on Thursday, June 18, 2009 ("the Effective Date").

- 10.4.2 A Company shareholder may attend and vote at the meeting in person or may appoint a proxy, who can attend the general meeting and vote on his behalf (as provided in the Articles of Association of the Company). A letter of appointment appointing such a proxy to vote ("the Letter of Appointment") must be in writing and signed by the appointer, and if the appointer is a corporation, it must be signed in a way duly binding upon the corporation. The Letter of Appointment should be deposited in the Company's offices at least 48 hours prior to the start of the meeting or the postponed meeting, as the case may be.
- 10.4.3 Pursuant to the Companies (Proof of ownership of a share for voting at the general meeting) Regulations, 5751-2000, a shareholder in whose name a share is registered with a member of the stock exchange and that share is included among the shares registered in the register of members in the name of the nominee company, who wishes to vote at the general meeting, should submit to the Company confirmation from that member of the stock exchange with which its right to a share is registered, concerning its ownership of the share on the Effective Date, as required under those Regulations.

10.5 Voting slip and position notices

- 10.5.1 A shareholder may vote at the general meeting on the resolution on the agenda by means of a voting slip as described below. The text of the voting slip and position notices in respect of this meeting can be found on the website of the Securities Authority at www.magna.isa.gov.il and on the website of the Tel Aviv Stock Exchange Ltd. at www.tase.co.il. A shareholder may apply to the Company directly and receive, free of charge, the text of the voting slip and the position notice. The vote will be cast on the second part of the voting slip, as published on the Securities Authority website at the above address.
- 10.5.2 A member of the stock exchange will send, free of charge, by e-mail, a link to the text of the voting slip and position notice on the Securities Authority website, to any shareholder who is not registered in the Members Register and whose shares are registered with a member of the stock exchange, if the shareholder requests it and provided that its request was made for a specific securities account and on a date prior to the Effective Date.
- 10.5.3 A shareholder whose shares are registered with a member of the stock exchange is entitled to receive the confirmation of ownership from the member of the stock exchange through which it holds its shares, at the branch of the member of the stock exchange or by mail to its address, in consideration of the postage only, if it request it, and provided that the request on this matter is submitted in advance to the particular securities account.
- 10.5.4 The voting slip and the documents that must be attached to it (as listed on the voting slip) must be submitted by 72 hours prior to the time of convening the meeting, i.e. by July 17, 2009 at 10:00. For this matter, "time of submission" is the time at which the voting slip and the accompanying documents arrive at the Company's offices.
- 10.5.5 The last date for submission of position notices to the Company is June 28, 2009. The last date for submission of the response of the Board of Directors to position notices, if and insofar as position notices of shareholders are submitted and the

Board of Directors elects to submit its response to those position notices, is July 3, 2009.

10.5.6 A voting slip and position notices should be delivered by hand or by registered mail.

10.5.7 At the date of this report, the number of shares representing 5% of all the voting rights in the Company is 63,256,385 ordinary shares of the Company. At the date of this report, the number of shares representing 5% of all the voting rights not held by the controlling shareholder in the Company as defined in Section 268 of the Companies Law, is 29,649,126 ordinary shares of the Company.

10.6 Notice of a personal interest

Pursuant to the provisions of Section 276 of the Companies Law, a shareholder participating in the vote at the meeting, whether in person or by proxy, should notify the Company prior to the vote at the meeting, or if the vote is by means of a voting slip – on the voting slip by marking Part B of the voting slip in the designated place, of whether he has a personal interest in approval of the resolution on the agenda of the meeting or not. A shareholder or his proxy who does not give such notice will not vote at the meeting and his vote will not be counted.

11. Competence of the Securities Authority

Pursuant to the Controlling Shareholder Regulations, within 21 days of the date of filing this report, the Securities Authority or an employee authorized for the purpose ("the Authority") may instruct the Company to provide, by a date set by the Authority, an explanation, details, information and documents relating to the engagement which is the subject of this report, and it may instruct the Company to amend this report in the way and by the date it determines. If an instruction is given to amend the report, the Authority may direct that the general meeting be postponed to a date not before three business days and not later than 21 business days from the date of publication of the amendment to this report.

12. Review of the immediate report and details of the Company's representatives

A copy of this report can be reviewed by appointment with the General Counsel and Company Secretary, Adv. Lisa Haimovitz, at the registered office of the Company, 23 Aranha Street, Millennium Tower, Tel Aviv, at telephone no. 03-6844412 or fax no. 03-6844435, on Sunday – Thursday between 09:00 and 16:00, up to the date of convening the Special General Meeting to approve the resolution on the agenda, and also on the website of the Securities Authority at www.magna.isa.gov.il. The Company's representative for handling this transaction report is Adv. Lisa Haimovitz, General Counsel and Company Secretary, whose office is at the registered office of the Company, the address and contact details of which are as noted in this section above.

Yours sincerely,

Adv. Lisa Haimovitz
General Counsel and Company Secretary