

March 10<sup>th</sup>, 2010

**Makhteshim Agan Industries Ltd.  
("the Company")**

To  
The Securities and Exchange Commission  
[www.magna.isa.gov.il](http://www.magna.isa.gov.il)

To  
The Tel-Aviv Stock Exchange Ltd.  
[www.maya.tase.co.il](http://www.maya.tase.co.il)

**Re: Immediate Report According to the Securities Regulations (Periodical and Immediate Report) – 5730-1970, and Notice Regarding the Convening of an Extraridunary General Shareholder Meeting**

An immediate report, according to the Securities Regulations (Periodical and Immediate Report) – 5730-1970, the Companies Law, 5759-1999 and the Companies Regulations (Notice of General Shareholder Meeting and Shareholder Class Meeting in a Public Company), 5740-2000, of convening an Extraordinary General Shareholder Meeting of the Company's shareholders, which shall convene on Wednesday, March 24<sup>th</sup>, 2010, 10:00AM, in the Company's offices, in the Arava Building, on Golan Street - Airport City Park (hereinafter: "**The General Shareholder Meeting**"), on the agenda of which is the decision specified below in this immediate report.

**1. On the Agenda of the General Shareholder Meeting**

To approve that in any issuance of securities by means of rights, due to which the law of a foreign country should apply to the Company, the Company may not offer the rights to the owners of Company securities due to which the law of the foreign state applies to the offer (hereinafter: "**Foreign Holders**" and "**Exclusion of Foreign Holders**", as the case may be), according to the Securities Regulations (Means of Offering the Public Securities), 5767-2007 (hereinafter: "**The Means of Offering Regulations**").

**2. Summary of the Decision on the General Shareholder Meeting's Agenda**

2.1. On March 9<sup>th</sup>, 2010, the Company's Board of Directors made a principal decision regarding the issuance of shares by means of rights to the Company shareholders, according to the Company's shelf prospectus, dated May 27<sup>th</sup>, 2008, at an extent of 100 million dollars to 150 million dollars. The issuance of rights is subject to obtainment of the approvals required by law (including the approval of the General Shareholder Meeting, which will be convened according to this summon, to exclude Foreign Holders) and to the final decision of the Company's Board of Directors regarding the issuance and its terms (hereinafter: "**The Principal Decision**").

In the Board of Directors' opinion, fund raising by means of issuance of rights is required in order to expand the Company's capital base and to strengthen it, and in order to insure, in all events, the Company's resistance to the financial covenants.

2.2. According to the Means of Offering Regulations, in an offer by means of rights made by a reporting corporation, due to which, the law of a foreign country should apply to the corporation in addition to the stipulations of the Means of Offering Regulations, the corporate may not offer the rights to the securities holders in the corporate, due to whom

the law of the foreign country applies to the offer, subject to certain conditions, including the approval of the General Shareholder Meeting that the corporate may perform an Exclusion of Foreign Holders while offering rights.

- 2.3. According to the information that the Company received and that it possesses, as of the date of this summon, the Company's shareholders include residents of the United States. The Company estimates that issuance of rights to its shareholders according to the Principal Decision, or according to any other decision that may be made by the Company, without excluding the shareholders who are residents of the United States, shall oblige the Company to publish a prospectus in the United States (and subsequently, to subject itself to the United States standards of accountability).
- 2.4. Thus, so that the Company will not be required to publish a prospectus in the United States (and subsequently, to subject itself to the United States standards of accountability) while making any offer by means of rights, the decision on the agenda is brought before the Company's General Shareholder Meeting for approval, as required by the Means of Offering Regulations. Let it be stressed that the Exclusion of Foreign Holders shall be made according to the law that applies at that time.
- 2.5. According to the Means of Offering Regulations, the auditing committee and the Company's Board of Directors shall approve the Exclusion of Foreign Holders, including the sum of the uniforms compensation or the formula to calculate it, as such apply to the issuance of rights that the Company's Board of Directors made the decision about as said in the above section (1) and regarding any other issuance of rights by the Company.

### **3. The Required Majority to Approve the Resolution**

The required majority to approve of the resolution on the agenda is a special majority of 75% of the total votes of the participating shareholders (not including the abstaining shareholders).

### **4. The Eligibility to Participate in the Vote and the Manner of Voting**

- 4.1. According to section 182(b) of the Companies Law, the effective date for the matter of eligibility to participate and vote in the General Shareholder Meeting is the end of trading in the Company's securities on the 15th of March, 2010 (hereinafter: "**the Effective date**").
- 4.2. A shareholder who has a share to his credit with a member of the stock exchange, a share that is included among the shares that are registered in the shareholder's register in the name of the nominee company, who wishes to vote in the meeting, will be required to prove his ownership for the purpose of voting in the meeting. The shareholder will provide the Company with a due certificate by the member of the stock exchange who registers his right in the share, regarding his ownership of the share in the Effective Date, according to the formula stipulated by the Companies Regulations (Proof of Ownership of a Share for the Purpose of Voting in the General Shareholder Meeting), 5750-2000.
- 4.3. A shareholder whose shares are registered at a member of the stock exchange may receive the ownership certificate at a branch of the member of the stock exchange or by mail, in

return for delivery fees, if he asks to. A request for that matter will be made in advance for a specific securities account.

4.4. A shareholder in the Company in the Effective date will be entitled to participate in the meeting and vote in it in person, or by sending a proxy, after depositing a bill of appointment at the Company's offices at least 48 hours before the date of convening the General Shareholder Meeting.

## **5. Quorum and Deferred Meeting**

5.1. According to the Company's Articles, a quorum shall form when at least two shareholders are present, in present or through their proxies, who, combined, own at least 50% of the voting rights in The Company.

5.2. If, thirty minutes after the time set up for the meeting, a quorum is not formed, the meeting shall be deferred by an hour, and shall be held in 11:00 on the same date and the same place. If a quorum is not formed in the deferred meeting after thirty minutes of the time set up for the meeting, then a quorum shall form, if at least two shareholders with voting rights are present, in person or through their proxies, regardless of the voting power they have in the Company.

## **6. The Company Representatives for the Matter of this Report**

The Company's representatives for the matter of this reports are the Company's legal counsel, Michal Arlozorov, attorney, telefax: 073-2321923, and Ilanit Landsman-Yogev, attorney, and Michal Kamir, attorney, from the Herzog, Fox, Neeman and Associates law firm, from 4 Weitzman Street, Tel Aviv, phone number: 03-6922020; Facsimile: 03-6966464.

## **7. Review of the Documents**

A copy of this report is available for review at the Company's registered office in the Company's offices, in Airport City Park, The Arava Building, level 4, Golan Street 70151, Sunday through Thursday in the standard working hours, after arrangement in advance by phone, 073-2321923, until the time of the convention of the General Shareholder Meeting, as well as on the website of the Securities and Exchange Commission, at: [www.magna.isa.gov.il](http://www.magna.isa.gov.il).

**Respectfully Yours,**

**Makhteshim Agan Ltd.**

**By: Michal Arlosoroff, Attorney, Legal Counsel and the Company's Secretary**