דנציגר, קלגסבלד ושות' עורכי-דין
במיזוג עם איל שנהב ושות'

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February 20, 2005
Ref: 20021851

Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street NW
Washington DC 20549-0609

Dear Sirs:

Re: **Notice of Application of Carmel Container System Ltd to Withdraw its Ordinary Shares from Listing on the American Stock Exchange LLC File No.1-09274**

The undersigned has a beneficial interest in shares of Carmel Container Systems Ltd. (the "Issuer") and represents additional holders of beneficial interest in shares of the Issuer.

The undersigned objects to the application of the Issuer to withdraw its ordinary shares from listing on the American Stock Exchange. The undersigned claims that the Issuer has not met Rule 18 of the American Stock Exchange LLC ("Amex") and has not complied with all Israeli company laws pertaining to its voluntary withdrawal from listing and registration.

1. **Issuer has not Complied with all Israeli Company Laws Pertaining to its Voluntary Withdrawal from Listing and Registration**.

The Issuer is a company incorporated under the laws of the State of Israel. As part of its withdrawal request and as mandated by Amex rules Issuer claims that it has complied with **all** Israeli company

laws pertaining to its voluntary withdrawal from listing. Issuer does not provide any references in support of this claim.

The decision to de-list the Issuer was approved solely by the Board of Directors of the Issuer. It was not submitted and obviously not approved by the shareholders of the Issuer.

The decision to de-list a company's shares from trading deprives the shareholders of the company from valuable rights and assets. In general, the delisting reduces (and effectively eliminates) the tradability and transferability of shares. The delisting also deprives the shareholders of valuable information provided by public companies. Finally, the delisting may also have adverse tax consequences to shareholders. Accordingly, Israeli law requires the delisting of a company to be approved by the shareholders of the company, like all other actions which may potentially impair and reduce the rights of shareholders. **Approval of the delisting by the Board of Directors is not sufficient and approval of the shareholders of the company is required**.

Israeli law views the de-listing of shares as an "arrangement" between the company and its shareholders and requires the approval of the shareholders. This need for shareholder approval is found in Israeli Companies Act 5759 - 1999. Furthermore, based on this requirement of Israeli law the Tel Aviv Stock Exchange refuses to de - list companies without specific shareholder approval to such delisting. Even before the enactment of the Israeli Companies Act Israeli case law provided that shareholder approval is required for the de-listing. There is no provision in Israeli law which would exempt the Issuer from shareholder approval.

Based on all of the above the Commission should deny the request for withdrawal of the Issuer since contrary to the claims of the Issuer the requirements of Israeli law have not been met.

The Reasons Provided by the Issuer for the Delisting are Improper and Erroneous and do not Comply with the Fiduciary Standards Imposed under Israeli Law:

The Issuer provides that the withdrawal from trading is for the following reasons: (i) the limited number of holders, (ii) the exceptionally low trading volume and (iii) the burden inherent in continuing to be listed and registered.

We believe that the above reasons have not been proven by the Issuer. To the best of our knowledge, the number of beneficial holders is quite significant, the shares have adequately traded on Amex and the listing burdens are not significant in view of the size of the Issuer and the benefits of the listing the Issuer and shareholders.

Furthermore, even if these reasons are true (which we do not believe is the case) the Securities and Exchange Commission should not allow de listing based on these grounds. These grounds are not sufficient under Israeli law to affect a delisting and the consequent damages to the Issuer's shareholders. The reasons provided for the delisting do not provide sufficient business reason for the benefit of the Issuer. In other words, the decision to de-list is based on the best interests of the controlling shareholders and is not based on the best interests of the Issuer and its shareholders. As such the delisting decision is in fundamental breach of duty of loyalty and standard of care imposed on directors under Israeli law. Due to such inherent flaws in the actions of the Directors the decision is invalid and void under Israeli law.

Based on all of the above we believe that the Securities and Exchange Commission should deny the application of the Issuer and should not allow the delisting from the American Stock Exchange.

We will be happy to provide any additional information and to further clarify our position.

Very truly yours,

Dr. Ayal Shenhav, Advocate