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**Israel Corporation Ltd.**

Registrar Number: 520028010

Form 136

Securities of the Corporation are listed in the Tel Aviv Stock Exchange

Public

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To:

To:

The Securities Authority

The Tel Aviv Stock Exchange

[www.isa.gov.il](http://www.isa.gov.il)

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Dear Sirs,

**Immediate Report – Additional Investment in Better Place Inc.**

In accordance with Regulation 1 (4) of the Companies Regulations (Easements in Transactions with Interested Parties), 5760 - 2000 (hereinafter: the "**Easements Regulations**") and the Securities Regulations (Immediate and Periodic Reports) 5730 – 1970, and further to the Company's reports dated January 21, 2008 and January 27, 2010, in connection with the investments of the Israel Corporation Ltd. (hereinafter: the "**Company**") in Better Place Inc. (hereinafter: "**Better Place**"), and also further to that stated in the quarterly report of the Company as of June 30, 2011 with regard to Better Place's intention to act to raise capital from new investors and from existing investors, the Company wishes to report the following:

1. **Key Elements of the Transaction**

- 1.1 Better Place has engaged in agreements for an additional investment round pursuant to which it is expected to raise an amount of approximately USD 200 million against the allocation of a new series of preferred stock (Series C Preferred Stock) (hereinafter: the "**Current Investment Round**" and "**C Shares**", respectively). New international investors are expected to take part in the Current Investment Round, as well as the current shareholders of Better

Place, including the Company, and also the Related Entities (as defined in this section below). The Current Investment Round was made according to a "company value" of approximately USD 2.25 billion "after the money" (on a fully diluted basis (including options to employees) after the preliminary completion of the Current Investment Round). In the Current Investment Round, C Shares shall be issued, at a price per share of USD 4.54 per C Share<sup>1</sup>. After preliminary completion of the Current Investment Round (upon the satisfaction of the conditions precedent as stated in section 1.4 below), Better Place shall be entitled to issue additional C Shares to additional investors in such a manner that the total amount of the Current Investment Round shall be up to USD 350 million. In the Current Investment Round, the Company shall invest in Better Place an amount of USD 55 million as against the allocation of C Shares. In addition, corporations related to interested parties of the Company (hereinafter: the "**Related Entities**") shall invest in the Current Investment Round an amount of USD 15 million as against allocation of C Shares. The rest of the investors in the Current Investment Round shall be new investors, and also existing investors who are not related to the Company and/or to the interested parties thereof. The terms of the investment are being done upon terms which are equal for all of the existing investors in Better Place, who are participating in the Current Investment Round (including the Company and the Related Entities).

- 1.2 In general, C Shares which shall be issued to investors in the Current Investment Round shall confer on the holders thereof rights, similar in nature, to those allocated by Better Place to its investors in previous investment rounds (i.e., A shares and B shares), with the exception of preference for the holders of C shares (over the A shares and B shares) in a number of cases, including preference in the making of a distribution and preference in a "liquidation event" (as defined in the investment agreements, which includes events such as dissolution, the implementation of a merger or restructuring, and also a transaction for the sale of the Company). In addition, the new investors participating in the Current

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<sup>1</sup> The price per share of class A, which was allocated in the first investment round, is USD 1 per share. The price per share of class B, which was allocated in the second investment round, is USD 2.5 per share, after performance of adjustment to the price.

Investment Round (who are not existing investors in Better Place) shall be given certain additional rights, including a pre-emptive right upon certain terms for purchasing additional shares in a public offering of Better Place, should such offering be effected. It was also determined in the Current Investment Round that the Company shall have the right to appoint an additional member of the Board of Directors of Better Place, and in total, three out of nine directors, including the Chairman of the Board of Directors of Better Place, subject to the maintaining of a certain holding percentage.

- 1.3 Upon the completion of the Current Investment Round and the issuance of C Shares, the Company is expected to hold between approximately 26.9% and approximately 28.6% (in accordance with the total amount to be raised) of the share capital of Better Place (in full dilution) (as compared with 29.43% prior to the Current Investment Round) and the Related Entities shall hold between approximately 7.6% and approximately 8.1% (in accordance with the total amount to be raised) of the share capital of Better Place (in full dilution) (as compared with 8.39% prior to the investment round).
- 1.4 It shall be emphasized that the Current Investment Round in Better Place is subject to the satisfaction of conditions precedent, including various approvals, with regard to some of the investors.
- 1.5 It shall be noted that the Company intends to finance the investment in the current round from its own sources.

For details regarding Better Place, see the description of Better Place in the Company's periodic report for 2010, which was published by the Company on March 30, 2011 (Ref. No. 098868 – 1 – 2011).

## 2. **Approval of the Transaction**

- 2.1 The Audit Committee of the Company, at its meetings held on September 20, 2011 and November 9, 2011, and the Board of Directors of the Company, at its meetings held on July 21, 2011, September 21, 2011 and November 11, 2011,

discussed and approved the Company's investment in Better Place in the Current Investment Round, as set forth above.

2.2 This Immediate Report and previous reports of the Company, as mentioned above, with regard to the Company's investments in Better Place, have been given whilst taking into consideration the fact that companies related to the interested parties of the Company have taken part in previous investment rounds in Better Place, and are also taking part in the Current Investment Round.

2.3 The members of the Audit Committee and the Board of Directors of the Company have examined and approved the Company's investment in Better Place based on a comprehensive review which they received in this matter, and also based on the recommendation of the Company's management, and this was, *inter alia*, based on the reasons and considerations set forth in section 3 below. In addition, the members of the Audit Committee and the Board of Directors of the Company have confirmed that the Company's investment in Better Place in the Current Investment Round may be approved in accordance with the provisions of Regulation 1 (4) of the Easements Regulations.

2.4 Should the Company's investment, alongside that of the Related Entities, in the Current Investment Round be prevented or delayed for any reason which is not dependent on the Related Entities, then the Company reserves the right to participate, alone, in the Current Investment Round (without the participation of the Related Entities in the Current Investment Round), subject to any law.

3. **Overview of the Reasons of the Audit Committee and the Board of Directors for the Approval of the Transaction:**

The above-mentioned decisions were made based on the detailed information which was given to the members of the Audit Committee and the Board of Directors, and also, *inter alia*, based on the recommendations of the Company's management and based on the reasons and considerations as set forth below:

3.1 The capital-raising for Better Place in the Current Investment Round is intended to support the continued growth and development of Better Place.

- 3.2 The Company has been the largest investor in Better Place, from its very inception. Participation in the Current Investment Round constitutes a continuation of the Company's support of the continued growth and development of Better Place, as aforesaid.
- 3.3 The investments by additional, new investors, with goodwill, according to a value of approximately USD 2.25 billion, "after the money" (on a fully diluted basis (including options to employees) after the preliminary completion of the Current Investment Round) is an expression of confidence in Better Place, and is expected to contribute to the continued development of Better Place.
- 3.4 The Company's investment in the Current Investment Round in Better Place is consistent with the Company's investment strategy.
- 3.5 The investment by the Company and by the Related Entities in the Current Investment Round shall be upon terms which are identical to those of the rest of the existing investors in Better Place, taking into consideration the scope of their participation in the Current Investment Round.

Taking into consideration the entirety of the reasons, as set forth above, the members of the Audit Committee and Board of Directors of the Company have found that the additional investment by the Company in the Current Investment Round in Better Place would be appropriate and reasonable, and that such investment would serve the best interests of the Company and of its shareholders.

#### 4. **Objection to the Easements**

In accordance with Regulation 1C of the Easements Regulations: the easement pursuant to Regulation 1 of the Easements Regulations shall not apply to the Company if one or more shareholders who holds at least one percent of the issued capital or of the voting rights of the Company, gave notice of his objection to the grant of the said easement, provided that the objection was submitted to the Company, in writing, not later than 14 days from the date on which this Report was submitted or from the date on which an amending report to this Report was submitted, should any such report be filed; should any

such objection be submitted, the said engagement shall be subject to approval in accordance with that set forth in section 275 of the Companies Law, 5759 – 1999.

**Sincerely yours,**

**Israel Corporation Ltd.**

Reference of former documents in this regard (referring does not constitute incorporation by reference):

Former name of reporting entity:  
The Israel Corporation Ltd.

Form structure updated 04/09/2011

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Name of Electronic Reporter: Maya Alchek Kaplan. Position: Legal Counsel and Company's Secretary. Aranha 23, Millennium Tower, Tel Aviv 61204. Phone – 03-6844517, Fax: 03-6844587, e-mail – [mayaak@israelcorp.com](mailto:mayaak@israelcorp.com)