

This is an English convenience translation of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original.

Israel Corporation Ltd.

Millennium Tower, 23 Aranha Street, P.O.B. 20456, Tel-Aviv 61204

Tel: 03-6844517, Fax: 03-6844587

ISRAEL CORPORATION

Adv. Noga Yatziv

Company Secretary and Assistant to the President

August 25, 2009

To:

The Securities Authority

via MAGNA

To:

The Tel Aviv Stock Exchange Ltd.

via MAGNA

Dear Sir/Madam,

Re: Immediate Report – Topic C on the Agenda of the Special General Meeting

Israel Corporation Ltd. (the "**Company**") hereby reports the following:

1. On August 2, 2009 the Company published an Immediate Report (Transaction Report) (the "**Transaction Report**") in the framework of which a new topic C was added to the agenda of the Special General Meeting of shareholders of the Company scheduled to convene on August 20, 2009 (the new topic is the approval of an injection of USD100 million to Zim intergraded Services Ltd. ("**Zim**")), all as detailed in the Transaction Report. The Company decided to bring the above matter to the Special General Meeting due to the concern that the controlling shareholders of the Company may have personal interest in the agreed restructuring plan of Zim when approved, as detailed in the Transaction Report.
2. On August 20, 2009 the Special General Meeting was convened, and on August 21, 2009 the Company published an Immediate Report as to the results of the Special General Meeting with respect to topics A and B of the agenda of that meeting.

This is an English convenience translation of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original.

3. Regarding topic C on the agenda of the Special General Meeting, which is the injection of USD100 million, the results of the voting were as follows: the participation rate in the vote was approx. 79.3% (6,049,833 shares), out of which approx. 92.3% voted for approving the resolution, including the controlling shareholders of the Company and Bank Leumi Le'Israel Ltd. ("**Bank Leumi**") which constituted approx. 89.5% of the above percentage (5,585,293 shares voted for the resolution and 464,540 shares voted against the resolution). It was still required to examine whether there is a "supportive third" among the voters not having personal interest [one third of all the votes of the shareholders not having a personal interest in approving the resolution in question and who are participating in the vote].

The percentage of holders of voting rights participating in the said vote that are not included with the controlling shareholders and Bank Leumi is approx. 13.9%, and the division of the votes in the said resolution was as follows: approx. 5.6% who voted for the approval of the resolution stated that they have personal interest or that they have "doubt" (in these words or others) as to having personal interest; approx. 2.15% who voted for the approval of the said resolution stated that they do not have personal interest; and approx. 6.1% voted against the resolution. It is clarified that the aforesaid shall not derogate from the stated in the Company's Immediate Report dated August 18, 2009.

The Company has learned, examined and analyzed, while holding a discussion with the Israel Securities Authority, the classification of the voters with no personal interest to be included in the one third of all the votes of the shareholders not having a personal interest in approving the resolution in question and who are participating in the vote.

4. Following the examination of the personal interest of certain voters in the Special General Meeting with respect to topic C on the agenda, the Israeli Securities Authority is in the opinion that the majority of voters who voted for approving the resolution have personal interest, and their support does not constitute the supportive third as required under the Companies Law, and therefore the resolution was not approved with the majority of a supportive third as required. The opinion of the Company is different, and it reserves all its rights and arguments in connection with the results of the vote in the Special General Meeting with respect to topic C on the agenda (the injection of USD100 million to Zim) and is considering its future steps in an attempt to consummate the restructuring plan of Zim.

The division of the votes in the Special General Meeting with respect to topic C of the agenda is attached herewith [in the Hebrew version].

Sincerely,

Israel Corporation Ltd.