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Israel Corp. Ltd

Israel Corp. Ltd
Millennium Tower, 23 Aranha Street P.O. Box 20456 Tel Aviv 61204 Israel
Tel.: (03) 6844517 Fax: (03) 6844587
Advocate Maya Alchek-Kaplan
In-house Legal Counsel and Company Secretary

July 4th, 2012

Re: Immediate Report Concerning the Convening of a Special General Meeting of Shareholders of the Israel Corporation Ltd.

Pursuant to the Securities Regulations (Transaction between a Company and Controlling Shareholder) 5761-2001, the Securities Regulations (Immediate and Periodic Reports) 5730-1970, and the provisions set forth in the Companies Law 5759-1999 ("**Companies Law**") and the regulations promulgated thereunder, the Israel Corporation Ltd. (the "**Company**") hereby announce that a Special General Meeting of the Company's shareholders shall be convened on Thursday, August 9th 2012 at 10:00 at the Company's offices in 23 Aranha St., Millennium Tower, Tel Aviv (the "**Meeting**"), on whose agenda is the following item detailed on this Report.

Description of the Main terms and conditions of the resolution on the Meeting's Agenda and the Phrasing of the Proposed Resolution

The engagement of the Company in purchasing insurance for the Company's office holders, who currently serve in the Company and as will serve from time to time, as well as their liability for serving in office in companies held by the Company, directly or indirectly, upon request of the Company or on its behalf, (hereinafter: the "**Officers of the Company Group**"), including officers considered as controlling shareholders and/or relatives thereof and/or officers that the controlling shareholder of the Company might be considered as having personal interest in including the latter in the officers insurance policy, which shall include a first joint layer with Israel Chemicals Ltd., a Company's subsidiary ("**ICL**") and a second separate layer, of the Company's Group; along with approving a "Framework Transaction" (as construed in regulation 1(3) of the Companies Regulations (Easements in Transactions with an Interested Party), 5760 – 2000), according to which the Company's Audit Committee and Board of Directors shall be entitled to approve, under certain terms, the renewal of the purchase of the insurance for the officers at the Company's group, as aforementioned, for the duration of 3 years commencing the current insurance year, provided that the Company's Audit Committee and the Board of Directors shall confirm regarding each insurance renewal, that the terms of the policies purchase comply with the terms of the Framework Transaction, while the Audit Committee and the Board of Directors shall be authorized to amend, from time to time, the level of coverage, the premium sums and the portion division of the premium between the Company and ICL regarding the joint layer, and all subject to the terms of the Framework Transaction detailed in article 2 of this Report.

Phrasing of the Proposed Resolution: "To approve the engagement of the Company in insuring the officers in the Company Group as such are defined in this Report (including officers considered as controlling shareholders and/or relatives thereof and/or office holders that the controlling shareholder of the Company might be considered as having personal interest in including the latter in the officers insurance policy, who currently serve in the Company and as will serve from time to time, under the provisions of section 2 of this Report, as well as to approve the Framework Transaction in accordance to which the Company's Audit Committee and the Board of Directors shall be entitled to approve the renewal of the purchase of the insurance during a period of 3 years commencing in the current insurance year as detailed in section 2 of this Report."

A Personal Interest of a Controlling Shareholder in resolution and the Nature Thereof

The controlling shareholder that might be considered as having a personal interest in the approval of the aforementioned Resolution is Millennium Investments Elad Ltd. ("**Millennium**"). Millennium holds approximately 46.94% of the Company's share capital. Millennium is held by Mashat (Investments) Ltd. ("**Mashat**") and the Ofer Investments Group Ltd. (hereinafter: "**Ofer Investments Group**"), in 80% and

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20% holding rates respectively. Mashat is a private company held indirectly through foreign corporations by a discretionary trust in which Mr. Idan Ofer is a prime beneficiary.

Ofer Investments Group, which holds directly 1.24% of the Company's share capital, is a shareholder of Millennium as aforementioned, and therefore, in light of the provisions set forth in Section 268 of the Companies Law, might be considered as having personal interest in the approval of the aforementioned Resolution.

Ofer Investments Group Ltd. is a private company held fully by Ofer Holdings Group Ltd. ("**Ofer Holdings**") which is a private company whose ordinary shares are held equally by Orona Investments Ltd. (that is indirectly controlled by Mr. Ehud Angel) and Lynav Holdings Ltd, controlled by a discretionary trust in which Mr. Idan Ofer is a prime beneficiary. Mr. Ehud Angel has a special share granting him, among other things, and under certain limitations and in certain matters, another vote at the Board of Directors of Ofer Holdings. In addition, KIRBY ENTERPRISES Inc. that is held indirectly by the discretionary trust holding Mashat in which, as aforesaid, Mr. Idan Ofer is a prime beneficiary holding approximately 0.74% of the Company's share capital. In addition, Mr. Idan Ofer directly holds approximately 2.46% of the Company's share capital.

Millennium and Ofer Investments Group might be considered as having a personal interest in approval of the aforementioned Resolution, in light of the fact that among the Company's serving directors who shall be entitled to be included in the officers' insurance policy are Mr. Idan Ofer as well as directors serving as officers in companies related (directly or indirectly) to the controlling shareholder of the Company (as detailed below). Also derived from this matter are the interests of Mr. Idan Ofer and KIRBY ENTERPRISES INC. who directly hold shares of the Company as aforementioned.

As of the date of the Meeting, the directors serving at the Company which might be considered at present, for the purpose of the Resolution on the Meeting's agenda, as ones who the controlling shareholder of the Company may have a personal interest to include in the insurance policy, and this for the sake of caution only and probably beyond necessary, are Amnon Leon, Ron Moskowitz, Aviad Kaufman and Yoav Dopleit, who serve as officers in companies related (directly or indirectly) to the controlling shareholder of the Company.

Names of directors who have personal interest in the approval of the Resolution

All of the serving directors of the Company hold inherent personal interest regarding the Resolution on the Meeting's agenda, due to the fact that they are the beneficiaries of the insurance coverage. Therefore, and having regard to the instructions of section 278(b) of the Companies Law, all of the members of the Company's Audit Committee and/or the Board of Directors were entitled to be present at the discussion and to participate in the vote at the Meetings of the Company's Audit Committee and/or the Board of Directors (as applicable), as detailed in section 7 of this Report.

Notice Concerning Convening of a General Meeting; Legal Quorum

A notice is hereby delivered that a Special Meeting of the Company's shareholders shall be convened on Thursday, August 9th, 2012 at 10:00 at the Company's offices in 23 Aranha St., the Millennium Tower, Tel Aviv, which shall include in its agenda the approval of the Resolution specified in section 2 of this Report.

In accordance with the Company's Regulations, the required legal quorum for the purpose of convening this Meeting will be five shareholders, in person or by proxy, who hold no less than 25 percent of the voting rights. Shall the case be that the legal quorum has not been met at the General Meeting following thirty minutes from the time set for the beginning of the Meeting, the Meeting shall be adjourned for a week to the same date, time and place, without the need of notifying the shareholders of the fact, and if no legal quorum is met at the adjourned Meeting following thirty minutes from the time set for the Meeting, the shareholders who are present at the Meeting shall constitute a legal quorum.

The Required Majority for the Purpose of the Approval of the Resolutions at the Meeting

Pursuant to Section 275(a) of the Companies Law, the required majority for the purpose of the approval of the aforesaid Resolution is an ordinary majority of shareholders attending the Meeting themselves or by proxy, who are entitled to take part in the voting provided that one of the following is fulfilled: (a) in a count of majority votes, the majority votes shall include a majority of the shareholders votes who do not hold a personal interest in approving the transaction, and present at the Meeting; in the count of the entire votes of

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the aforesaid shareholders, abstaining votes shall not be considered; (b) the total number of opposing votes amongst the shareholders specified in sub-paragraph (a) shall not exceed two percent of all of the voting rights in the Company.

The Determining Date and Proof of Share Ownership

The determining date for the purpose of establishing a shareholder's entitlement to vote at the Meeting is at the end of the trading day at the Stock Exchange on Thursday, July 12th, 2012, and if no trade is conducted on the determining date, then on the first preceding trading day thereof.

Pursuant to the Companies Regulations (Proof of Share Ownership for the Purpose of Voting at a General Meeting) 5760-2000, a shareholder in whose favor a share is registered with a member of the Tel Aviv Stock Exchange Ltd. and that same share is registered as part of the Company's shares listed in the Register of Shareholders in the name of a registration company and wishes to vote at the General Meeting, shall furnish the Company with a confirmation from the Stock Exchange member in which his entitlement for voting is registered, concerning his ownership of the share on the determining date, in accordance with Form 1 in the supplement to the aforesaid Regulations.

Voting by Proxy and voting by Voting Papers

A shareholder entitled to attend and vote at the Meeting, may vote in person or by proxy in accordance with the provisions set forth in the Company's Articles of Association. A shareholder, who wishes to vote by proxy as specified hereinabove, shall deposit the power of attorney at the Company's registered office no less than 48 hours prior to the date scheduled for the Meeting or for the adjourned Meeting.

Pursuant to the Companies Regulations (Voting Paper and Position Papers) 5765-2005, a shareholder who is entitled to attend and vote at the Meeting, is entitled to vote for the Resolution brought to the Meeting's approval via a voting paper. For the purpose of this matter, the vote of a shareholder who voted via a voting paper shall be considered as if he was present and attended the Meeting. Voting via a voting paper regarding a shareholder who wishes to vote via a voting paper rather than attending the Meeting in person and/or by proxy, shall be performed by using the second part of the voting paper hereby enclosed as **Appendix A** to this Report.

The voting paper and the required documents to be enclosed thereof, as specified in the voting paper, shall be furnished to the Company's offices no less than 72 hours prior to the time the Meeting is set to be convened. For the purpose of this matter, the time of furnishing the voting paper is the time on which the voting paper and the required documents enclosed thereof have arrived at the Company's offices.

The last date for furnishing position statements is no less than 10 days following the determining date. A member of the Stock Exchange shall send via e-mail, at no cost, a link to the text of the voting paper and the voting papers on the distribution website, to each shareholder who is not registered with the Register of Shareholders and whose shares are listed with the Stock Exchange member, unless the shareholder notified the member of the Stock Exchange that he is not interested in receiving a link as aforesaid, or that he has notified that he wishes to receive the voting papers via mail in return for payment of delivery charges only.

The voting paper shall be valid only if attached to it is a confirmation of ownership of the unregistered shareholder (that is to say, a shareholder in whose name shares are registered with a Stock Exchange member and these shares are included among the shares listed in the Company's Register of Shareholders in the name of a nominee company) or photocopy of an identification card, passport or certificate of incorporation, as the case may be, and so that the shareholder is registered with the Company's books. The addresses of the distribution website and the website of the Israel Securities Authority and the Tel Aviv Stock Exchange (respectively) consisting of voting papers and position statements are: www.magna.isa.gov.il; <http://maya.tase.co.il>.

Review of Documents

The Company's shareholders may review the transaction Report and the text of the proposed Resolutions at the Company's offices on the days Sunday - Thursday between 09:00-16:00 following scheduling in advance on the phone: 03-6844500.

Respectfully,

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Tel.: (03) 6844517 Fax: (03) 6844587
Advocate Maya Alchek-Kaplan
In-house Legal Counsel and Company Secretary

July 4th, 2012

To:
The Tel Aviv Stock Exchange Ltd.
Via Magna

To:
Israel Securities Authority
Via Magna

Dear Sirs,

Re: Immediate Report Concerning the Convening of a Special General Meeting of Shareholders of the Israel Corporation Ltd.

Pursuant to the Securities Regulations (Transaction between a Company and Controlling Shareholder) 5761-2001, the Securities Regulations (Immediate and Periodic Reports) 5730-1970, and the provisions set forth in the Companies Law 5759-1999 ("**Companies Law**") and the regulations promulgated thereunder, the Israel Corporation Ltd. ("the Company") is hereby announce that a Special General Meeting of the Company's shareholders shall be convened on Thursday, August 9th 2012 at 10:00 at the Company's offices in 23 Aranha St., Millennium Tower, Tel Aviv (the "**Meeting**"), on whose agenda is the following item detailed on this Report.

1. **Background**

1.1. On September 10th, 2007, the General Meeting of the Company has approved a "Framework Transaction" (as set forth in regulation 1(3) of the Companies Regulations (Easements in Transactions with Interested Parties), 2000), (hereinafter: "**Easements Regulations**"), according to which the Company shall be entitled to engage for the duration of five years, commencing in 2007, a transaction for the renewal of the purchase of insurance regarding the Company Officers (among such officers are those considered as controlling shareholders of the Company), as such shall be from time to time, on two layers (the first joint layer with Israel Chemicals Ltd. ("**ICL**"), and a second separate layer, for the officers in the Company also in regard of their service for the Company Group), with any insurance company in Israel and/or abroad which shall be selected by the Company's Board of Directors, provided that the Company's Audit Committee and the

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Board shall approve for each insurance renewal separately, that the terms of the purchase of the policies comply with the terms of the Framework Transaction, as well as with the portion division of the premium between the Company and ICL regarding the joint layer, and all as detailed in the Company's Reports dated 2.8.2007 and 11.8.2007¹.

1.2. By virtue of the aforementioned Framework Transaction, and in accordance with the Resolutions resolved by the Company's Audit Committee and the Company Board, the Company has renewed from time to time the aforesaid policy, and all as detailed in the Company's Immediate Reports dated 25.9.2008, 24.3.2010, 31.8.2010 and 25.8.2011².

1.3. Towards the end of the present insurance duration, the Company's Audit Committee and the Board have approved, subject to the approval of the General Meeting hereby summoned by this Report, the engagement of the Company in insuring its officers for the current insurance year as well as a new "Framework Transaction" regarding the insurance of Company officers, and all as detailed in section 2 of this Report.

2. **Brief description of the resolution on the Meeting's agenda and the phrasing of the Proposed Resolution**

The purchase of an insurance policy for the officers in the Company (including officers considered as controlling shareholders and/or relatives thereof and/or office holders that the controlling shareholder of the Company might be considered as having personal interest in including the latter in the officers insurance policy), serving in office at present and as they shall serve as such from time to time on two layers - a first joint layer with ICL, and a second separate layer, as detailed below:

2.1.1. The joint layer: the policy shall insure the liability of the Company's officers, who currently serve in the Company and as will serve from time to time, as well as their liability for their service, at the Company's request or on its behalf in held Companies, directly and indirectly, by the Company (respectfully, the: "**Company Group**" and "**Officers in the Company Group**"), as well as the liability of the officers in ICL serving at present and as such shall serve in ICL from time to time, as well as their liability for their service in held companies, directly and indirectly, by ICL, at ICL's request or on its behalf. The insurance coverage at the joint layer shall be of a liability limit of USD 20 Million per event and per period.

¹ References No. 2007-01-345580 and 2007-01-391321 (respectfully)

² References 2008-01-270852 and 2010-01-428760 (respectfully), 2010-01-605556 and 2011-01-251919 (respectfully)

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- 2.1.2. The separate layer: the policy shall insure the liability of the officers who currently serve in the Company, in accordance with the standard coverage terms in this type of insurance. The insurance coverage at the separate layer shall be of a liability limit of USD 120 Million per event and per period.
- 2.2. The officers in the Company Group shall be beneficiaries at both of the aforementioned layers.
- 2.3. The division of the obligation of paying the insurance policy premium between ICL and the Israel Corporation on the joint layer shall be: the Company – approximately fifty seven and a half percent (approximately 57.5%); ICL – the remainder (approximately 42.5%), and such based on the insurers' evaluation. The Company's Audit Committee and the Board of Directors shall be authorized to approve amendments, from time to time, regarding the portion division of the premium between the Company and ICL regarding the joint layer, provided that the change rate shall not exceed 10% of the aforementioned division.
- 2.4. The cost of the annual premium to be paid by the Company regarding the current insurance year (valid from 31.8.2012) shall not exceed the sum of USD 500 thousand (the "**Maximal Premium**") regarding both layers together. The policy for the current insurance year shall be valid through 30.8.2013.
- 2.5. Shall the case be that over the next insurance years the insurance premium's cost to be paid by the Company shall increase, the following rules shall apply: the annual premium paid by the Company regarding an insurance year shall not exceed 25% of the premium amount for each year. Deviating from these limits shall require the approval of the General Meeting.
- 2.6. The Resolution, subject of this Report, as aforementioned, shall constitute a "Framework Transaction" as such is defined in regulation 1(3) of the easements Regulations, would allow during a period of 3 years, commencing the current insurance year, the renewal of the insurance purchase regarding the officers in the Company Group, as such are defined above, from any insurance company in Israel and/or abroad, selected by the Company Board of Directors, provided that the Company's Audit Committee and the Board of Directors shall approve regarding each insurance renewal, that the terms of the purchase of the policies comply with the terms of the Framework Transaction, as the Company's Audit Committee and the Board shall be authorized to amend, from time to time, the coverage level, the premium amounts and the portion division of the premium between the

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Company and ICL regarding the joint layer, and all subject to the terms of the Framework Transaction detailed above (the "**Framework Transaction**").

Phrasing of proposed Resolution: "**To approve the engagement of the Company in insuring the officers in the Company Group as such are defined in this Report (including officers considered as controlling shareholders and/or relatives thereof and/or office holders that the controlling shareholder of the Company might be considered as having personal interest in including the latter in the officers insurance policy, who currently serve in the Company and as will serve from time to time, under the provisions of section 2 of this Report, as well as to approve the Framework Transaction in accordance to which the Company's Audit Committee and the Board of Directors shall be entitled to approve the renewal of the purchase of the insurance during the period of 3 years commencing in the current insurance year as detailed in section 2 of this Report.**"

3. **Personal Interest of a Controlling Shareholder in the resolution and the Nature Thereof**

- 3.1. The controlling shareholder that might be considered as having a personal interest in the approval of the aforementioned Resolution is Millennium Investments Elad Ltd. ("**Millennium**"). Millennium holds approximately 46.94% of the Company's share capital. Millennium is held by Mashat (Investments) Ltd. ("**Mashat**") and the Ofer Investments Group Ltd. (hereinafter: "**Ofer Investments Group**"), in 80% and 20% holding rates respectively. Mashat is a private company held indirectly through foreign corporations by a discretionary trust in which Mr. Idan Ofer is a prime beneficiary.
- 3.2. Ofer Investments Group, which holds directly 1.24% of the Company's share capital, is a shareholder of Millennium as aforementioned, and therefore, in light of the provisions set forth in Section 268 of the Companies Law, might be considered as having personal interest in the approval of the aforementioned resolution. Ofer Investments Group Ltd. is a private company held fully by Ofer Holdings Group Ltd. ("**Ofer Holdings**") which is a private company whose ordinary shares are held equally by Orona Investments Ltd. (that is indirectly controlled by Mr. Ehud Angel) and Lynav Holdings Ltd, controlled by a discretionary trust in which Mr. Idan Ofer is a prime beneficiary. Mr. Ehud Angel has a special share granting him, among other things, and under certain limitations and in certain matters, another vote at the Board of Directors of Ofer Holdings.

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- 3.3. In addition, KIRBY ENTERPRISES Inc. that is held indirectly by the discretionary trust holding Mashat in which, as aforesaid, Mr. Idan Ofer is a prime beneficiary holding approximately 0.74% of the Company's share capital. In addition, Mr. Idan Ofer directly holds approximately 2.46% of the Company's share capital.
- 3.4. Millennium and Ofer Investments Group might be considered as having a personal interest in the approval of the Resolution brought up to be approved by the Meeting convened in accordance with this Report, in light of the fact that among the Company's serving directors who shall be entitled to be included in the officers' insurance policy are Mr. Idan Ofer as well as directors serving as officers in companies related (directly or indirectly) to the controlling shareholder of the Company as detailed in section 3.5 below. Also derived from this matter are the interests of Mr. Idan Ofer and KIRBY ENTERPRISES INC. who directly holds shares of the Company as aforementioned.
- 3.5. As of the date of the Meeting, the directors serving at the Company which might be considered at present, for the purpose of the Resolution on the Meeting's agenda, as ones who the controlling shareholder of the Company may have a personal interest to include in the insurance policy, and this for the sake of caution only and probably beyond necessary, are Amnon Leon, Ron Moskowitz, Aviad Kaufman and Yoav Dopleit, who serve as officers in companies related (directly or indirectly) to the controlling shareholders of the Company.
- 3.6. Shareholders who might be considered as having personal interests in the approval of the the Resolution:

Solely for the sake of caution and conservatism, and probably beyond necessary, the Company chose, for the purpose of the approval of the Resolution on the agenda of this Meeting, and solely for this purpose, to classify Bank Leumi le-Israel Ltd. ("Bank Leumi"), which holds, as of the Report Date, approximately 17.7% of the Company's share capital, as an entity that might have a personal interest in the approval of the Resolution brought up for the Meeting's approval.

4. **The Names of the Directors Holding Personal Interests in the Engagement**

All of the serving directors of the Company hold inherent personal interest regarding the Resolution on the meeting's agenda, and so in light of the fact that they are the beneficiaries of the insurance coverage in question. Therefore, and having regard to the instructions of section 278(b) of the Companies Law, all of the members of the Company's Audit Committee and/or

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the Board of Directors were entitled to be present at the discussion and to participate in the vote at the meetings of the Company's Audit Committee and/or the Board of Directors (as applicable), as detailed in section 7 below.

5. **Transactions of the type of the transaction or similar transactions**

On September 2007, the General Meeting of the Company approved a "Framework Transaction" allowing for a period of 5 years, commencing the insurance year 2007, the renewal of the purchase of insurance regarding Company's officers, and all as detailed in section 1 aforementioned.

6. **The Manner in which the transaction Terms Were Determined**

The terms and arrangements of the discussed insurance, including the insurance coverage extent and the premium amount, were determined in accordance with the Company's assessment, after consulting with its insurance advisors, considering the conventional market insurance terms, as of the date of this Report, for the purchase of insurance for officers in the mentioned nature and scope, considering the Company's needs as well as considering the fact that the insurance market is characterized by fluctuations and operates as a perfect supply and demand market. The portion division of the premium between the Company and ICL regarding the joint layer was determined by the Company and its insurance advisors' assessment and in accordance with the rate determined within the insurance arrangement practice in the past. The terms and arrangements of the insurance to be determined shall be agreed upon following negotiations between the Company and ICL and the insuring companies and subject to the provisions of the framework Resolution.

7. **The Approvals required for Passing the Resolution on the Meeting's Agenda**

7.1. The Company's Audit Committee, at its Meeting held on June 17th, 2012, has unanimously resolved to approve the transaction detailed in section 2 of this Report. In accordance with the aforementioned in section 4 of this Report, and considering the instructions of section 278 (b) of the Companies Law, Gideon Langholtz (external director), Ofer Tarmecci (external director), Amnon Leon, Zeev Nahari and Michael Bricker attended this Audit Committee Meeting.

7.2. The Company's Board of Directors, at its Meeting held on June 20th, 2012 has unanimously resolved to approve the transaction detailed in section 2 of this Report. In accordance with the instructions of section 278 (b), at this Meeting attended Mr. Amir

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Elstein, Mr. Gideon Langholtz (external director), Mr. Ofer Tarmecci (external director) Ms. Zehavit Cohen, Mr. Amnon Leon, Mr. Eitan Raf, Mr. Zeev Nahari, Mr. Dan Ziskind, Mr. Michael Bricker, Mr. Ron Moskowitz and Mr. Aviad Kaufman.

- 7.3. The transaction detailed in section 2 of this Report requires the approval of the Company's General Meeting, summoned in accordance with this Report.
- 7.4. It shall be noted that considering that the mentioned insurance coverage includes, among others, a joint layer of the Company and ICL, the engagement of ICL with the insurance policy shall be brought up for the approval of the authorized organs at ICL.

8. **Summary of the Reasons provided by the Audit Committee and the Board of Directors**

The Company's Audit Committee and Board of Directors have approved the engagement of the Company in insuring the officers and the terms of the Framework Transaction detailed in section 2 of this Report, among others, based on the following primary considerations:

- 8.1. Providing insurance coverage for the officers is for the benefit of the Company, as it shall allow the Company's officers to function properly and in favor of the Company, considering the risks involved in the Company's activities and the personal liability imposed by law on the officers in the Company, particularly on the directors due to their activities as Company officers.
- 8.2. The engagement in an insurance policy for directors and officers is common practice among Israeli public companies.
- 8.3. The discussed terms and arrangements of the insurance, including the insurance coverage and the premium cost, were determined in accordance with the Company's assessment, after consulting with its insurance advisors, considering the standard insurance terms, as of the date of this Report, for the purchase of insurance for officers in the discussed nature and scope, considering the Company's needs as well as considering the fact that the insurance market is characterized by fluctuations and operates as a perfect supply and demand market.
- 8.4. The purpose of purchasing the insurance jointly with ICL, a Company's subsidiary, is to allow an efficient and correct utilization of the Group's size and lowers the costs of the insurance premium. The joint layer of the insurance shared by ICL and the Company was designated to ensure, that in the case that a lawsuit shall be filed against the two companies together, it shall be treated by the insurance companies in a uniform and coordinated manner. The division rate of the premium between the Company and ICL regarding the joint layer was determined based on the Company and its insurance advisors'

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assessment and in accordance with the rate determined within the insurance settlement which was practiced in the past.

- 8.5. The premium for each insurance year shall be determined following negotiations with the insuring companies, and to the best of the Company's knowledge, the premium reflects acceptable prices and market conditions.
- 8.6. The terms of the insurance policies are reasonable considering the nature of the Company and the scope of its activities, and are identical for all of the company's officers.
- 8.7. The purchase of insurance policies for the company officers does not constitute "distribution" as such is defined by the Companies Law, and there is no concern that the transaction shall prevent the Company the ability to meet its obligations, existing and anticipated, when they due.
- 8.8. In light of the aforesaid, the members of the Company's Audit Committee and Board of Directors believe that the transaction aforementioned in section 2 of this Report is fair and reasonable and advances the benefit of the Company.

9. **Notice concerning convening of a General Meeting**

A notice is hereby delivered that a Special General Meeting of the Company's shareholders shall convene on Thursday, August 9th, 2012 at 10:00 at the Company's offices in 23 Aranha St., Millennium Tower, Tel Aviv, whose agenda will include the approval of the Resolution detailed in section 2 of this Report.

10. **The Required Majority for the Purpose of Passing Resolutions at the Meeting**

Pursuant to Section 275(a) of the Companies Law, the required majority for the purpose of the approval of the aforesaid Resolution is an ordinary majority of shareholders attending the meeting themselves or through proxy, who are entitled to take part in the voting provided that one of the following is fulfilled: (a) in a count of majority votes, the majority votes shall include a majority of the shareholders votes that do not hold a personal interest in approving the transaction, and present at the Meeting; in the count of the entire votes of the aforesaid shareholders, abstaining votes shall not be taken into account; (b) the total number of opposing votes amongst the shareholders specified in sub-paragraph (a) shall not exceed two percent of all of the voting rights in the Company.

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11. **The Determining Date**

The determining date for the purpose of establishing a shareholder's right to vote at the Meeting is at the end of the trading day at the Stock Exchange on Thursday, July 12th, 2012, and if no trade is carried out on the determining date, then on the first preceding trading day thereof.

12. **Proof of Share Ownership**

Pursuant to the Companies Regulations (Proof of Share Ownership for the Purpose of Voting at a General Meeting) 5760-2000, a shareholder in whose favor a share is registered with a member of the Tel Aviv Stock Exchange Ltd. and that same share is registered as part of the Company's shares listed in the registration company in the name of a nominee company and wishes to vote at the General Meeting, shall provide the Company a confirmation from the Stock Exchange member in which his entitlement for voting is registered, concerning his ownership of the share on the determining date, in accordance with Form 1 in the supplement to the aforesaid Regulations.

13. **Quorum**

In accordance with the Company's Articles of Association, the required quorum for the purpose of convening the Meeting shall constitute five shareholders, present in person or by proxy, who hold no less than 25 percent of the voting rights. If there is no Quorum attending the General Meeting after thirty minutes from the time set for the beginning of the Meeting, the Meeting shall be adjourned for a week to the same date, time and place, without having to notify the shareholders of the fact, and if there is no quorum at the adjourned meeting after thirty minutes following the time set for the meeting, the shareholders who attend the meeting shall constitute a quorum.

14. **Voting by Proxy**

A shareholder entitled to attend and vote at the Meeting, may vote in person or through proxy in accordance with the provisions set forth in the Company's Articles of Association. A shareholder, who wishes to vote through proxy as specified hereinabove, shall deposit the power of attorney at the Company's registered office no less than 48 hours prior to the date scheduled for the meeting or to the adjourned meeting.

15. **Voting by a Voting Paper**

Pursuant to the Companies Regulations (Voting Paper and Position Papers) 5765-2005, a shareholder who is entitled to attend and vote at the meeting, is entitled to vote regarding the Resolution brought to the Meeting's approval via a voting paper. For the purpose of this matter,

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the vote of a shareholder who voted by a voting paper shall be considered as if he was present and attended the Meeting. Voting by a voting paper regarding a shareholder who wishes to vote by a voting paper rather than attending the Meeting in person and/or by proxy, shall be performed by using the second part of the voting paper hereby enclosed as **Appendix A** to this Report.

The voting paper and the required documents to be enclosed thereof, as specified in the voting paper, shall be furnished to the Company's offices up to 72 hours prior to the time the Meeting is convened. For the purpose of this matter, the time for furnishing the voting paper is the time on which the voting paper and the required documents enclosed thereof have arrived at the Company's offices. The last date for furnishing position statements is up to 10 days following the determining date. A member of the Stock Exchange shall send via e-mail, at no cost, a link to the format of the voting paper and the voting papers on the distribution website, to each shareholder who is not registered in the shareholders Register and whose shares are listed with member of the Stock Exchange, unless the shareholder notified the member of the Stock Exchange that he is not interested in receiving a link as aforesaid, or that he has notified that he wishes to receive the voting papers via mail in return for payment of delivery fees only.

The addresses of the websites of Israel Securities Authority and the Tel Aviv Stock Exchange where the format of the voting paper and position statements may be found (to the extent submitted to the Company) as their definition in section 88 of the Companies Law are as follows: the distribution website of the Israel Securities Authority www.magna.isa.gov.il (the "**Distribution Website**"); the website of the Stock Exchange in Tel- Aviv Ltd. <http://maya.tase.co.il>.

16. **Israel Securities Authority instruction**

Pursuant to Regulation 10 in the Securities Regulations (Transaction between a Company and Controlling Shareholder) 5761-2001, Israel Securities Authority is entitled to instruct the Company, within 21 days from the date of submitting this Report, to furnish within a period of time it deems reasonable, any explanation, details, information and documents related to the offering or engagement, as the case may be, subject matter of the Report, and instruct the Company to modify the Report in the manner and at the time it deems fit; in such event the Authority is entitled to instruct the adjournment of the General Meeting to a date that will be no earlier than three business days and no later than 21 days from the date of publication of the amended Report.

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17. Company's Representatives for the Purpose of Handling the Immediate Report

Advocate Zvi Efrat from Gornitzky & Co, whose address is 45 Rothschild Blvd. Tel Aviv, 65784; Phone: 03-7109191; Fax: 03-5606555.

18. Review of documents

The Company's shareholders may review the transaction Report and the phrasing of the proposed Resolutions as well as the settlement agreement, at the Company's offices on days Sunday – Thursday between 09:00-16:00 following scheduling in advance by phone: 03-6844500.

Respectfully,

The Israel Corporation Ltd.

Names of signatories on the transaction Report and positions thereof:

Nir Gilad - Chief Executive Officer

Avisar Paz - CFO

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Appendix A - Voting Paper

Israel Corporation Ltd.

Voting Paper

**Pursuant to the Companies Regulations (Voting in Writing and Position Statements) – 2005
(hereinafter: "the Voting Regulations")**

First Part

1. **Company Name**

The Israel Corporation Ltd. (hereinafter: "**the Company**").

2. **Class of Meeting, Time and Place of Convening**

Special General Meeting held in the Company's offices in 23 Aranha Street, (Millennium Tower), Tel Aviv on, August 9th 2012, at 10:00 (hereinafter: "**the Meeting**"), and any adjourned Meeting thereof.

3. **Specification of the Item on the Agenda in Respect of which Voting with a Voting Paper is Permitted:**

The engagement of the Company in purchasing insurance for the officers in the Company, serving in office at present and as they shall serve as such from time to time, as well as their liability for serving in office in companies held by the Company (directly or indirectly), excluding ICL, upon request of the Company or on its behalf ("**Officers of the Company Group**"), including officers considered as controlling shareholders and/or relatives thereof and/or office holders that the controlling shareholder of the Company might be considered as having personal interest in including the latter in the officers insurance policy. The insurance shall include a first joint layer with ICL - Israel Chemicals Ltd., a Company's subsidiary ("**ICL**") and a second layer for officers in the Company, also regarding their service at the Company group; along with approving a Framework Transaction (as set forth in regulation 1(3) of the Companies Regulations (Easements for Transactions with Interested Parties), 5760-2000), according to which the Company's Audit Committee as well as the Board of Directors shall be entitled to approve, under certain terms, the renewal of the purchase of the insurance for the officers at the Company group, as aforementioned, for a period of 3 years commencing in the current insurance year, provided that the

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Company's Audit Committee and the Board of Directors shall confirm regarding each insurance renewal, that the terms of the policies purchase comply with the terms of the Framework Transaction, while the Company's Audit Committee and Board of Directors shall be authorized to amend, from time to time, the level of coverage, the premium amounts and the portion division of the premium between the Company and ICL regarding the joint layer, and all subject to the terms of the Framework Transaction detailed in section 2 of this report.

Review of the Proposed Text of the Resolution

The Company's shareholders may review the transaction report and the text of the proposed Resolutions as well as the text of the settlement agreement, at the Company's offices on days Sunday - Thursday between 09:00 - 16:00 following scheduling in advance via phone no.: 03-6844500 as well as on the internet websites of the Israel Securities Authority and the Tel Aviv Stock Exchange Ltd. whose address is specified in Section 12 hereunder.

4. **Required Majority for the Purpose of Passing the Resolution in the Meeting**

Pursuant to the provisions set forth in Section 275(a) of the Companies Law, the required majority for the purpose of the approval of the Resolution is an ordinary majority of shareholders attending the Meeting, in person or by proxy, who are entitled to take part in the voting; provided that one of the following is fulfilled: (a) in a count of majority votes, the majority votes will include a majority of the shareholders votes that do not have personal interest in approving the transaction, and who are present at the Meeting; in the count of the entire votes of the aforesaid shareholders abstaining votes shall not be taken into account; (b) the total of opposition votes amongst the shareholders specified in subparagraph (a) shall not be greater than two percent of all the voting rights in the Company.

5. **Noting the Interest of a Shareholder**

In the second part of the voting paper, there is a field designated for marking the existence or absence of interests in accordance with the provisions set forth in the Companies Law, and description of the nature of the relevant interest. **Where a shareholder fails to mark or describe the nature of the interest, his vote shall not be counted.**

6. **Effect of the Voting Paper**

6.1. The voting paper shall come into effect only if "confirmation of ownership" is enclosed thereof (power of attorney by the nominee company proving his

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ownership of the share; hereinafter: "**the Ownership Confirmation**") of the unregistered shareholder (that is to say, anyone in whose favor shares with the Stock Exchange member are registered and these shares are included among the shares listed in the Register of Shareholders in the name of the nominee company), or a photocopy of an identification card, passport or certificate of incorporation if the shareholder is registered in the Company's records.

6.2. The last date for furnishing voting papers is up to 72 hours prior to the convening of the General Meeting. For this purpose, the date of furnishing the voting papers is the date on which the voting paper and the required accompanying documentation thereof arrived at the Company's offices at the address noted in Section 10 below.

7. **The Determining Date for the Entitlement of Shareholders to Attend and Vote at the Meeting**

The determining date for the purpose of establishing entitlement of a shareholder to vote in the Meeting as specified in Section 182b of the Companies Law, 5759 - 1999, that is to say, July 12th 2012 (hereinafter: "**the Determining Date to Vote at the Meeting**").

8. **The Company does not allow voting via the internet.**

9. **The Company's Address for the Purpose of Delivery of Voting Papers and Position Statements**

At the Company's offices in 23 Aranha Street, Millennium Tower, Tel Aviv.

10. **Last Date to Furnish Position Statements**

A position statement by a shareholder may be submitted up to ten days following the determining date for entitlement of a shareholder to vote at the General Meeting as provided in Section 182b of the Companies Law as noted in Section 8 aforementioned. The last date to furnish the Board of Directors' response to position statements, if and to the extent that position statements are submitted by the shareholders, and shall the Board of Directors decide to submit its response to the aforesaid position statements, it shall do so no later than five days following the last date of delivery of the aforesaid position statements.

11. **Links to the Distribution Website and the Stock Exchange Website Containing Voting Papers and Position Statements**

11.1. Distribution website of the Israel Securities Authority: www.magna.isa.gov.il.

11.2. Stock Exchange website: maya.tase.co.il.

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12. **Additional Comments as Required by the Provisions Set Forth in the Voting Regulations**

- 12.1. A shareholder may obtain the certificate of ownership, as such is defined in Section 71 of the Companies Law and as aforementioned in Section 7.1, at a branch of the Stock Exchange member or by postal delivery, at his request. A request concerning this matter shall be delivered in advance to a specific securities account.
- 12.2. A shareholder may contact the Company directly and receive from it, free of charge, the phrasing of the voting paper or, provided his consent, a link to the phrasing of the voting paper at the distribution website and the position statements as such were delivered to the Company.
- 12.3. A shareholder who is not registered may receive via e-mail, free of charge, a link to the phrasing of the voting papers and position statements (to the extent there are any) at the distribution website from the member of the Stock Exchange through whom he holds his shares, unless he has notified the member of the Stock Exchange that he is not interested in receiving such a link or that he is interested in receiving voting papers by mail for fee. The notice of an unregistered shareholder regarding the voting papers shall also apply to the receipt of position statements (to the extent there are any).
- 12.4. A shareholder shall specify the manner of his vote regarding the item on the agenda in the second part of this voting paper.
- 12.5. One or more shareholders holding shares in a rate that constitutes five percent or more of the total voting rights in the Company as well as anyone holding such a rate of all the voting rights that are not held by the controlling shareholder in the Company as such is defined in Section 268 of the Companies Law, may review the voting papers as specified in Section 10 of the Voting Regulations.
 - 12.5.1. As of the date of delivery of this voting paper, the quantity of shares constituting 5% of the entire voting rights in the Company is 381,307 ordinary shares of nominal value of 1 NIS each of the Company.
 - 12.5.2. As of the date of delivery of this voting paper, the quantity of shares constituting 5% of all the voting rights in the Company that are not held by the controlling shareholder is 183,550 ordinary shares of nominal value of 1 NIS each of the Company.

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13. **Cancellation of Voting Paper**

Up to 24 hours prior to the convening of the General Meeting, a shareholder may contact the address for the delivery of the voting papers, as specified in Section 10 aforementioned, and after proving his identity to the satisfaction of the Company's Secretary or another employee of the Company assigned for that purpose, to withdraw his voting paper and the Proof of Ownership or cancel his vote; in the event he did so, the shareholder shall be entitled to vote only during the General Meeting.

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Appendix A - Voting Paper

Israel Corporation Ltd.

Voting Paper

Pursuant to the Companies Regulations (Voting in Writing and Position Statements) 5766 – 2005 (hereinafter: "the Voting Regulations")

Second Part

Part A

1. **Company Name:** Israel Corporation Ltd. (hereinafter: "**the Company**"); public company no. 52-002801-0
2. **Company address (for furnishing and delivery of voting papers):** 23 Aranha St. (Millennium Tower), Tel Aviv.
3. **Date and Time of Meeting:** Thursday, August 9th, 2012 at 10:00 and any adjourned Meeting thereof.
4. **Class of Meeting:** Special General Meeting.
5. **Determining date:** Thursday, July 12th, 2012.
6. **Voting via the internet:** the Company does not permit voting via the internet.

Part B (to be filled by the shareholders):

1. Shareholder's Details

- 1.1. Shareholder's name _____.
- 1.2. ID. No. _____.
- 1.3. Passport No. (In the case where the shareholder does not hold an Israeli ID.) _____.
- 1.4. The State in which the passport was issued (in the case where the shareholder does not hold an Israeli I.D. No.) _____.
- 1.5. The passport is valid through (if the shareholder does not hold an Israeli I.D. No.) _____.
- 1.6. Corporation No. (In the case where the shareholder is a corporation): _____.
- 1.7. The state of incorporation (in the case where the shareholder is a corporation): _____.

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2. Manner of Voting

Item on the agenda	Manner of voting ³			Do you have personal interest in the Resolution ⁴		Are you an interested party of the Company ⁵		Are you a senior officer of the Company ⁶		Are you an institutional investor in the Company ⁷	
	For	Against	Abstain	No	Yes	No	Yes	No	Yes	No	Yes
To approve the engagement of the Company in insuring the officers in the Company Group as such are defined in this Report (including officers considered as controlling shareholders and/or relatives thereof and/or office holders that the controlling shareholder of the Company might be considered as having personal interest in including the latter in the officers insurance policy, who currently serve in the Company and as will serve from time to time, under the provisions of section 2 of this Report, as well as to approve the Framework Transaction in accordance to which the Company's Audit Committee and the Board of Directors shall be entitled to approve the renewal of the purchase of the insurance during the period of 3 years commencing in the current insurance year as detailed in section 2 of this Report.											

* Please specify the relevant interest, as the case may be:

3. Notes in Accordance with the Voting Regulations:

- a. For shareholders holding shares through a Stock Exchange member (pursuant to Section 117(1) of the Companies Law - 1999) - this voting paper shall be in effect only with Confirmation of Ownership enclosed thereof.
- b. For shareholders registered in the Company's Register of Shareholders – this voting paper is in effect accompanied by a photocopy of the I.D. card / passport / certificate of incorporations.

Date: _____

Signature of Shareholder

³ Failure to mark an answer is akin to abstaining from voting on that item.

⁴ The vote of a shareholder, who fails to fill in this column or marks "yes" without providing a reason, shall not be counted. "Personal interest" including "negative personal interest."

⁵ As is defined in the Securities Law - 1968.

⁶ As is defined in the Securities Law - 1968.

⁷ As is defined in Regulation 1 of the Control of Financial Services Regulations (Provident Funds) (Participation of a Managing Company in the General Meeting) - 2009; and manager of joint investments in trust within its meaning in the Joint Investments in Trust Law - 1994.