

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.**

Registrar Number: 520028010

**Form 121**

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

**Public**

Sort name: Israel Corporation

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Date of Transmission: 24/12/2012

Reference: 2012-01-318018

To:

The Securities Authority

www.isa.gov.il

To:

The Tel Aviv Stock Exchange

www.tase.co.il

**Immediate Report**

The Event: Filing of a Motion to approve the filling of a Derivative Lawsuit

Israel Corporation Ltd. (the "**Company**") hereby reports that on December 23<sup>rd</sup>, 2012, it received an unsigned copy of a motion to approve the filling of a derivative lawsuit which was filled to the Economic Department at the District Court of Tel-Aviv on December 23<sup>rd</sup>, 2012, by a shareholder (the "Petitioner") against the members of the board of directors of the Company and the Company's CEO (the "Lawsuit" and the "Potential Defendants", respectively), as was also published in the media.

The Lawsuit focuses on the approval of the Company's organs from November 2012, to issue options to the Company's CEO. The Petitioner pleads that such approval had been received while breaching the duty of care, good faith and fiduciary duty of the board of directors of the Company, towards the Company, inter alia, due to the timing of the approval to issue options shortly before Companies Law (Amendment No. 20), 5774-2013 came into force and due to the unreasonableness, in the Petitioner's opinion, of the CEO's compensation.

In the Lawsuit, the Petitioner pleads for a declaratory remedy of revocation of the approval to issue options to the CEO, as well as for the compensation of the Company by the Potential Defendants, in the total amount of the pecuniary damage caused to the Company, to the extent there would be such damage.

At this preliminary stage, the Company examines the Lawsuit (as no appeal was submitted to the Company prior to the Lawsuit).

The date when the event first became known to the corporation: 23/12/2012, time: 15:00.

Name of report authorized signatory and name of authorized electronic signatory: Maya Alchek Kaplan.  
Adv.

Position: Vice President, General Counsel and Company's Secretary.  
Signature date: 24/12/2012

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

Former name of reporting entity:  
The Israel Corporation Ltd.

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Form structure updated 12/12/2012

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