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Israel Corporation Ltd.

**Form 460
Public**

Registrar Number: 520028010

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

Sort name: Israel Corporation

Address: P.O.B. 20456, Tel Aviv 61204

Tel: 03-6844517, 6844500, Fax: 03-6844587

Email: MAYAAK@ISRAELCORP.COM

Transmission date:

May 23, 2013

Ref: 2013-01-070219

The Securities Authority
www.isa.gov.il

The Tel Aviv Stock Exchange Ltd.
www.tase.co.il

**IMMEDIATE REPORT ON THE CONVENING/ ADJOURNMENT/
CANCELLATION OF A MEETING**

Regulation 36 B (a) and (d), and Regulation 36 C of the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970

Explanation: In the event that one of the items on the agenda of the meeting is the approval of a transaction with a controlling shareholder or the approval of an extraordinary proposal, then Form Taf 133 or Taf 138, accordingly, should first be filled in, and subsequently, a report pursuant to this form is also required.

The corporation hereby announces: the convening of a meeting
 the adjournment of a meeting
 the cancellation of a meeting
 the adjournment of a meeting to an unknown date

The reference number of the notice regarding the convening of the meeting is _____, which was called for the date: _____.

The reason for the adjournment or the cancellation: _____.

Explanation: It is necessary to refer to the reference number of the last notice regarding the convening or adjournment of the meeting.

1. On the date of: *May 23, 2013*
it was decided to convene a *special meeting* _____
that will be held on *Sunday, June 30, 2013*, at *11:00 a.m.*
at the address: *23 Aranha St., Millennium Tower, Tel Aviv.*
2. The number of the security on the Stock Exchange which entitles the holder thereof to participate in the meeting is: *576017*
The record date for determining the entitlement to participate in and vote at the meeting is: *May 30, 2013*
3. On the agenda:
The subjects/ resolutions which shall be brought up at the meeting:

1.
The subject/ the resolution and the details thereof:

The approval of the extension of the agreement for the term of office of the Chairman of the Board of Directors of the company, Mr. Amir Elstein, up until December 31, 2013, in accordance with the existing employment agreement, as set forth in section 1 of the Report.

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The reference number of the last report in the matter of the approval of a private placement:

A transaction between the Company and a controlling shareholder thereof as stated in sections 275 and 320 (f) of the Companies Law.

The reference number of the last report in the matter: _____

Amendment of disclosure Amendment of terms of the transaction Removed from the agenda

A matter to be reported which is not to be voted on.

Convened in accordance with section 66 (b) of the Companies Law

A report is attached herewith for the convening of the meeting:

[ReportForConveningTheGeneralMeeting isa.pdf](#)

4. Attached herewith is/are:

The draft of the voting form

A position statement

[VotingForm isa.pdf](#)

A declaration of the candidate to serve as a director of the corporation

A declaration of an independent director

A declaration of an outside director

Explanation: Should a voting form and/or position statement be attached, it must be ascertained that they have been prepared in accordance with the Companies Regulations (Voting in Writing and Position Statements), 5766 – 2005.

The address of the Internet site where it is possible to vote: _____

Explanation: It is necessary to fill in this field in the event that the Company allows voting over the Internet pursuant to Regulation 5 (C) of the Companies Regulations (Voting in Writing and Position Statements), 5766 – 2005.

5. The quorum for the holding of the meeting:

See the report attached.

6. In the absence of a quorum, the adjourned meeting shall be held on July 7, 2013 at 11:00 a.m. at the address: 23 Aranha St., Millennium Tower, Tel Aviv.

7. The place and the times where it shall be possible to inspect any proposed resolution whose text has not been presented in full in the details of the agenda, above, is:

At the Company's offices, on Sundays through Thursdays, between 9:00 a.m. - 16:00 p.m.

The name of the authorized signatory to the report and the name of the authorized electronic signatory:

Maya Alcheh-Kaplan

Position: Vice President, General Counsel & Company Secretary

Date of signature: May 23, 2013

The reference numbers of previous documents in the matter (the reference does not constitute incorporation by reference):

Previous names of the reporting entity: Israel Corporation Ltd.

Date of update of form structure: May 5, 2013

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Name of electronic reporter: Maya Alcheh-Kaplan

His *[sic]* position: Vice President, General Counsel & Company Secretary, Name of Employer Company:
23 Aranha St., Tel Aviv, 61204, Tel: 03 – 6844517, Fax: 03 – 6844587, E-mail: mayaak@israelcorp.com

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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 Alcheh-Kaplan
Vice President
General Counsel and Company Secretary

May 23, 2013

TO:
THE SECURITIES AUTHORITY
Through the MAGNA system

THE TEL AVIV STOCK EXCHANGE LTD.
Through the MAGNA system

Dear Sir/ Madam,

Re: **The Convening of a Special, General Meeting of the Shareholders of Israel Corporation Ltd.**

In accordance with the Securities Regulations (Immediate and Periodic Reports) – 1970 (hereinafter: the "**Reporting Regulations**"), and with the provisions of the Companies Law – 1999 (hereinafter: the "**Companies Law**"), and the regulations enacted pursuant thereto, Israel Corporation Ltd. (hereinafter: the "**Company**") wishes to announce that a special general meeting of the shareholders of the Company shall be convened on Sunday, June 30, 2013, at 11:00 a.m., at the offices of the Company, at 23 Aranha St., Millennium Tower, Tel Aviv (hereinafter: the "**Meeting**"), whose agenda shall comprise the extension of the agreement for the term of office of Mr. Amir Elstein, the Chairman of the Board of Directors, as set forth in this Report.

1. **Details of the Item on the Meeting's Agenda**

- 1.1 The Chairman of the Board of Directors of the Company, Mr. Amir Elstein (hereinafter: the "**Chairman of the Board of Directors**") has been serving in his position as the Chairman of the Board of Directors, since July 1, 2010, in accordance with the employment agreement which was approved on September 16, 2010, by the Company's general meeting. In accordance with the said employment agreement, the term of office of the Chairman of the Board of Directors is for a specified period of three years, which is expected to come to an end on June 30, 2013. For further details regarding the current terms of office and employment of the Chairman of the Board of Directors, see the Company's Immediate

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Report, dated August 31, 2010 (Reference No. 2010-01-606381) (hereinafter: the "**Current Employment Agreement**").¹

- 1.2 The Company is acting to formulate and adopt a compensation policy in accordance with such terms and dates as set forth in Amendment No. 20 of the Companies Law, and as of the date of this Report, the proceeding for formulation thereof has not yet been completed.

Under these circumstances, in light of the date of termination of the Agreement of the term of office of the Chairman of the Board of Directors, as aforesaid (on June 30, 2013), given that the compensation policy has not yet been adopted, the extension of the agreement for the term of office of the Chairman pursuant to the Current Employment Agreement, for a specified interim period of six months, from July 1, 2013 to December 31, 2013 (hereinafter: the "**Temporary Extension Period**"), is hereby being submitted for the approval of the Meeting convened herein.

After the adoption of the compensation policy, as aforesaid, the Company intends to submit for the approval of the general meeting, the agreement for the term of office of the Chairman of the Board of Directors, for the long-term, commencing from January 1, 2014, in accordance with and subject to the provisions of the law (subject to receipt of consent of the Chairman of the Board of Directors).

- 1.3 During the Temporary Extension Period, the Chairman of the Board of Directors shall be entitled to the salary as set forth in the Current Employment Agreement, and the rest of the related conditions set forth therein. **It is emphasized that the grant of a bonus and/or equity compensation to the Chairman of the Board of Directors is not being submitted for the approval of the Meeting convened in this Report, and a decision regarding the approval of the grant of a bonus and/or equity compensation to the Chairman of the Board of Directors as aforesaid shall be made in accordance with the compensation policy as shall be determined pursuant to law and in accordance with the approvals required pursuant thereto.**
- 1.4 During the Temporary Extension Period, the Chairman of the Board of Directors shall serve in a full-time position, including his service on the Boards of Directors of the companies held by the Company.² The Chairman of the Board of Directors shall also be entitled, during the

¹ For further details regarding Mr. Elstein's terms of office, see the Company's reports dated September 13, 2010 (Reference No. 2010-01-619053), September 16, 2010 (Reference No. 2010-01-623155), September 13, 2010 (Reference No. 2010-01-619053), and September 20, 2010 (Reference No. 2010-01-626433). All of the reports mentioned in this Report are presented herein by way of incorporation by reference.

² For details regarding the companies at which the Chairman of the Board of Directors serves, please see the details pertaining to Regulation 26 in the Company's Periodic Report for 2012, which was published on March 21, 2013. In addition, he shall continue to serve as a director of Teva Pharmaceutical Industries Ltd., and in volunteering positions at non-profit organizations, in such a manner that will allow him to devote the time required for his activities at the Company.

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Temporary Extension Period, to the standard terms in office for officers of the Company, including the letter of indemnity and his inclusion in the insurance policy for the Company's officers by virtue of the resolutions of the Company's competent organs.³

For details regarding the key terms of employment to which the Chairman of the Board of Directors shall be entitled, see the details in section 1.5 below.

- 1.5 Below are details regarding the compensation for the Chairman of the Board of Directors, in accordance with the Sixth Supplement of the Reporting Regulations, which include the Company's assessment regarding the salary component and the share-based payment component of the Chairman of the Board of Directors in 2013 (when the capital component is by virtue of the Company's option plan which was approved in 2010 only, because, as aforesaid, equity compensation to the Chairman is not being submitted for approval in this Report):⁴

Details of the Recipient				Compensation for Services (in 000's of NIS)				Total (in 000's of NIS)
Name	Position	Scope of Office	Rate of Holding of the Corporation's Capital*	Salary ⁽¹⁾	Bonus	Total without share- based payment	Share-based payment in respect of option plans	Total
Amir Elstein	Chairman the Board Directors	Full-time position	-	3,600	-		1,254 ⁽⁴⁾	4,854

(1) The salary component specified above includes the following components: monthly salary, social rights, social and related provisions, the holding of a vehicle and the reimbursement of telephone expenses (assuming the taking of the leave days to which the Chairman is entitled).

(2) Mr. Elstein's terms of employment include a monthly salary of NIS 174,000, linked to the Consumer Price Index, from the commencement of his term in office as the Chairman of the Board of Directors in July 2010 (as of December 31, 2012, the above-mentioned salary amounted to NIS 185,469), and also the social and related terms and conditions, a senior employees' insurance policy, a continuing education fund, car expenses, convalescence expenses, telephone expenses, a 13th salary, 22 days of leave, 20 sick days, and so on and so forth. In addition, his terms of employment include arrangements in the event of the termination of the engagement, *inter alia*, a six-month period of adjustment and also retirement compensation (in addition to severance pay) at a rate of an additional 100%. For further details, see the Company's Immediate Reports dated August 31, 2010 (Reference No. 2010-01-619053 and 2010-01-607053), September 16, 2010 (Reference No. 2010-01-623155), September 13, 2010 (Reference No. 2010-01-619053) and September 20, 2010 (Reference No. 2010-01-626433), which are presented herein by way of incorporation by reference.⁵

³ *Inter alia*, the resolutions of the general meeting dated March 21, 2001 and November 8, 2011 (Reference No. 2011-01-321351) and August 9, 2012 (Reference No. 2012-01-206916).

⁴ Assuming that the terms of employment which are submitted for approval according to this Report shall be approved by the general meeting. For details regarding the compensation of the Chairman of the Board of Directors in 2012, see the details in Regulation 21 of the Chapter entitled "Additional Details" in the Periodic Report for 2012, which was published on March 21, 2013.

⁵ For details regarding the resolutions of the Board of Directors of the Company (which were subject to the general meeting's approval) in connection with the updating of the employment agreement of the Chairman of the Board of Directors, the extension of his term of office and the allocation of options to the Chairman of the Board of Directors, see the Company's Report dated November 27,

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- For the sake of good order, it shall be noted that in accordance with the information published by Tower Semiconductor Ltd. (hereinafter: "Tower"), on November 15, 2009, Tower's general meeting approved the allocation of options in Tower to Amir Elstein in respect of his office as the Chairman of the Board of Directors of Tower, irrespective of Mr. Elstein's office at the Company.
- (4) On August 30, 2010, the Board of Directors of the Company resolved to adopt an option plan and also a private allocation by virtue of the said plan of 65,600 options exercisable into shares of the Company in three tranches, out of which 12,000 were allocated to the Chairman. The economic value of all of the option warrants was NIS 15,360,000 in accordance with the closing rate on the date of approval of the allocation by the meeting. For further details, see the Company's Immediate Reports dated August 31, 2010 (Reference No. 2010-01-606381), dated September 13, 2010 (Reference No. 2010-01-619053), September 16, 2010 (Reference No. 2010-01-623155) and September 20, 2010 (Reference No. 2010-01-626433), which are presented herein by way of incorporation by reference. The amounts listed in the column "Share-Based Payment" include the expense expected to be recorded in the Company's books in respect of 2013, according to the economic value of the said plan.

Text of the Proposed Resolution: "To approve the extension of the agreement for the term of office of the Chairman of the Board of Directors of the Company, Mr. Amir Elstein, up until December 31, 2013, in accordance with the Current Employment Agreement, as set forth in section 1 of this Report".

2. **Manner of the Approval of the Extension of the Agreement for the Term of Office of the Chairman of the Board of Directors**

On May 16, 2013, and on May 21, 2013, the extension of the agreement for the term of office of the Chairman of the Board of Directors pursuant to the employment agreement – was discussed and approved, unanimously, at the Company's Compensation Committee, whose composition is in accordance with the provisions of section 118 (a) of the Companies Law. On May 23, 2013, the Board of Directors of the Company discussed and approved, unanimously, the extension of the agreement for the term of office of the Chairman of the Board of Directors pursuant to the employment agreement as stated in section 1 above, subject to the approval of the Meeting being convened pursuant to this Report. For this purpose, the Current Employment Agreement with the Chairman of the Board of Directors, the total compensation being paid to the Chairman of the Board of Directors, and the calculation of the proportion between the terms of employment of the Chairman of the Board of Directors and the salary of the other employees of the Company, *inter alia* – were presented to the Compensation Committee and the Board of Directors of the Company.⁶

2012 (Reference No. 2012-01-290553). For details regarding the request made by the Chairman of the Board of Directors not to allocate to him, at the present time, option warrants under the option plan for officers, which was approved by the Board of Directors of the Company (as stated in the Company's Report dated November 27, 2012) and the removal of the subjects pertaining to the allocation of options to the Chairman, the extension of the agreement for his term in office as the Chairman of the Board of Directors, and the updates to the terms of his employment, from the agenda of the Company's general meeting held on December 11, 2012, see the Company's Reports dated December 9, 2012 (References Nos. 2012-01-305517 and 2012-01-305574).

⁶ To complete the picture, it shall be noted that in November 2012, an indicative comparative paper was also presented to the Compensation Committee and the Board of Directors of the Company, *inter alia*, which had been prepared by an external consultant, in the matter of the terms of office and employment of officers of the Company, including the Chairman of the Board of Directors – for

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In the discussions of the Compensation Committee and the Board of Directors of the Company, the considerations enumerated in section 267(a) of the Companies Law were deliberated upon, *inter alia*, and also the matters and the provisions enumerated in the First Schedule A of the Companies Law were taken into account, whilst paying heed, *inter alia*, to the fact that the matter concerns the extension of the agreement for the term in office of the Chairman of the Board of Directors, pursuant to the Current Employment Agreement,⁷ and to the duration of the Temporary Extension Period of his term in office, and it was determined that the extension of the term in office of the Chairman of the Board of Directors as stated in this Report is fair and reasonable and is in the Company's best interests, *inter alia*, for the reasons set forth below:

- 2.1 The Chairman of the Board of Directors has the professional experience, the education, the expertise and the qualifications as required for the position of Chairman of the Board of Directors of the Company. In addition, the Chairman of the Board of Directors has the know-how and the in-depth knowledge of the Company's business and its activities.
- 2.2 The Compensation Committee and the Board of Directors of the Company hold in high esteem the manner in which the Chairman of the Board of Directors operates and his contribution to the Company and to the companies held by the Company, taking into consideration the Company's activities, its size and the complexity of its business, and taking into consideration his duties and the responsibility which is imposed on him.
- 2.3 The extension of the agreement for the term in office of the Chairman of the Board of Directors serves to advance the Company's purposes, its work plan and its policy from a long-term perspective, so as to enable the Company to retain the office of the Chairman of the Board of Directors during this period, and it also preserves the possibility of extending his term in office and of updating the terms of his office after the adoption of the compensation policy by the Company (subject to the consent of the Chairman of the Board of Directors).
- 2.4 Paying heed to the upcoming expiration of the employment agreement with the Chairman (on June 30, 2013); to the need to retain the office of the Chairman of the Board of Directors; and to the limited duration of the Temporary Extension Period; the Compensation Committee and the Board of Directors of the Company believe that it would be in the Company's best interests to approve the extension of the term in office of the Chairman of the Board of Directors pursuant to the Current

further details see the Company's Immediate Report dated February 20, 2013. In view of the fact that the matter concerns an extension of the current terms in office of the Chairman of the Board of Directors for a specified period of six months only, a summary of up-to-date, indicative data was presented to the Compensation Committee and the Board of Directors, as compared with the Chairman's terms of office, and it was determined that the Chairman's terms of office are consistent with the threshold suitable for the Company, paying heed to the size of the Company, the complexity of its business and its unique nature.

⁷ As aforesaid, the grant of capital compensation or a bonus to the Chairman of the Board of Directors is not being submitted for the approval of the Meeting herein convened.

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Employment Agreement for a specified temporary period, and after the formulation of the Company's compensation policy, the updating and the approval of the components of the terms of office and the employment of the Chairman shall be examined, subject to receipt of the approvals required pursuant to law.

2.5 It was determined that the proportion between the current terms of office and employment of the Chairman of the Board of Directors and the salary of the Company's other employees, and in particular, the average salary and the median salary of such employees, is reasonable and that this disparity does not have an adverse effect on the employment relationships at the Company.

2.6 The retirement conditions for the Chairman of the Board of Directors (which include a ceiling) are as set forth in the Current Employment Agreement of the Chairman of the Board of Directors.

3. **Details of the Convening of a Special Meeting**

Notice is hereby given that a general meeting of the Company's shareholders shall be held on Sunday, June 30, 2013, at 11:00 a.m., at the Company's offices at 23 Aranha St., Floor 23, Tel Aviv, whose agenda comprises the passing of the resolution as set forth above.

4. **The Majority Required to Pass the Resolution at the Meeting**

For the purpose of approval of the item on the agenda, in accordance with the transition provisions set forth in Amendment No. 20 of the Companies Law, one of the following conditions must be satisfied, in addition to a simple majority: (1) the count of the votes of the majority at the general meeting shall include a majority of all the votes of the shareholders who are not controlling shareholders of the Company or entities with a personal interest in the approval of the compensation, who are participating in the vote (the count of all the votes of the said shareholders shall not take into account the votes of the abstaining shareholders); (2) the total of the votes against, from among the shareholders as stated in paragraph (1) above, shall not exceed a rate of two percent of the total voting rights at the Company.

5. **The Record Date**

The record date for determining the entitlement of a shareholder of the Company to vote at the Meeting as stated in section 182 (b) of the Companies Law, is at the end of the Stock Exchange trading day of Thursday, May 30, 2013, and if no trading is conducted on the record date, then on the first trading day prior thereto.

6. **Proof of Ownership of a Share**

In accordance with the Companies Regulations (Proof of Ownership of a Share for the Purpose of Voting at the General Meeting), 5760 – 2000, a shareholder in whose favor a share is registered with a member of the Tel Aviv Stock Exchange Ltd. and which share is included amongst the shares of the Company which are registered in the Register of Shareholders, in the name of a nominee company,

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and who wishes to vote at the general meeting, shall submit to the Company confirmation from the said member of the Stock Exchange, with whom his title to the share is registered, with regard to his ownership of the share, on the Record Date, in accordance with Form 1 in the Schedule to the said Regulations.

7. **Quorum**

Pursuant to the Company's Articles, the quorum for the purpose of holding the Meeting shall be constituted when five shareholders are present, whether in person or by proxy, who have at least twenty five percent of the voting rights. If there is no quorum at the general meeting at the expiration of half an hour from the time appointed for the commencement of the Meeting, the Meeting shall stand adjourned by one week to the same day and to the same time and the same place, without it being necessary to give notice thereof to the shareholders, and if no quorum is constituted at the adjourned meeting, at the expiration of half an hour from the time appointed for the Meeting, the shareholders present shall constitute a quorum.

8. **Voting By Proxy**

A shareholder, who is entitled to participate in and vote at the Meeting, may vote in person or by proxy, in accordance with that stated in the Company's Articles. A shareholder who wishes to vote by proxy, as set forth above, shall deposit the Power of Attorney at the Company's registered offices at least 48 hours prior to the time appointed for the Meeting or for the adjourned meeting.

9. **Vote By Voting Form**

In accordance with the Companies Regulations (Voting in Writing and Position Statements), 5765 – 2005 (hereinafter: the "**Voting Regulations**"), a shareholder who is entitled to participate in and vote at the Meeting, may vote on a resolution submitted for the Meeting's approval, by using a voting form. For this purpose, the vote of the shareholder who voted using a voting form shall be counted, as if he had been present at and participated in the Meeting. The vote using a voting form, with regard to a shareholder who wishes to vote using a voting form instead of his participation at the Meeting in person and/or by proxy, shall be done using the Second Part of the Voting Form, which is attached herewith as **Appendix A** to this Report. The shareholder may contact the Company directly to receive the draft of the Voting Form and the Position Statements.

The Voting Form and the documents that need to be attached thereto as specified in the Voting Form shall be submitted to the Company's offices up to 72 hours prior to the time for the convening of the Meeting. For this purpose, the time of submission is the time when the Voting Form and the documents that need to be attached thereto arrived at the Company's offices. The last date for submission of position statements is up to 10 days after the Record Date. A member of the Stock Exchange shall send, by e-mail, without consideration, the link to the draft of the Voting Form and the voting forms on the distribution site, to any shareholder who is not registered in the Register of Shareholders, and whose

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shares are registered with the said Stock Exchange member, unless the shareholder notified the Stock Exchange member that he does not wish to receive such link or unless he gave notice that he wishes to receive voting forms by post, in consideration of mailing costs only.

The addresses of the sites of the Israel Securities Authority and the Tel Aviv Stock Exchange Ltd., where the draft of the Voting Form and the position statements (if submitted to the Company), as construed in section 88 of the Companies Law, are available, are as set forth below – the distribution site of the Israel Securities Authority: <http://www.magna.isa.gov.il> (hereinafter: the "**Distribution Site**"); and the site of the Tel Aviv Stock Exchange Ltd.: <http://maya.tase.il>.

One or more shareholders holding shares at a rate which constitutes five percent or more of the total voting rights at the Company, and also any shareholder holding such rate out of the total voting rights which are not held by the controlling shareholder of the Company, as defined in section 268 of the Companies Law, may inspect the voting forms as specified in Regulation 10 of the Voting Regulations.

As of the present date, the number of shares which constitute 5% of the total voting rights of the Company is: 381,307 ordinary shares having a par value of NIS 1.00 each of the Company.

As of the present date, the number of shares which constitute 5% of the total voting rights of the Company which are not held by the controlling shareholder of the Company is: 183,550 ordinary shares having a par value of NIS 1.00 each of the Company.

10. **Inspection of Documents:**

The Company's shareholders may inspect the text of the proposed resolution, at the Company's offices, from Sundays to Thursdays, from 09:00 a.m. – 16:00 p.m., by prior arrangement on Tel: 03 – 6844500.

Sincerely yours,

Israel Corporation Ltd.

The name of the authorized signatory to the report and the name of the authorized electronic signatory:

Maya Alcheh-Kaplan

Position: Vice President, General Counsel & Company Secretary

Date of signature: May 23, 2013

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APPENDIX A – VOTING FORM

ISRAEL CORPORATION LTD.

VOTING FORM

In accordance with the Companies Regulations (Voting in Writing and Position Statements), 5765 – 2005 (hereinafter: the "Voting Regulations")

FIRST PART

1. **Name of the Company**

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

2. **Type of Meeting, Date and Venue**

A special general meeting, which shall be held at the Company's offices, at 23 Aranha St. (Millennium Tower), Tel Aviv, on Sunday, June 30, 2013, at 11:00 a.m. (hereinafter: the "**Meeting**"), and any adjourned meeting.

3. **Details of the Item on the Agenda in Respect of Which a Shareholder May Vote Through a Voting Form**

The approval of the extension of the agreement for the term of office of the Chairman of the Board of Directors of the company, Mr. Amir Elstein, up until December 31, 2013, in accordance with the Current Employment Agreement, as set forth in section 1 of the Report.

Text of the Proposed Resolution: "To approve the extension of the agreement for the term of office of the Chairman of the Board of Directors of the Company, Mr. Amir Elstein, up until December 31, 2013, in accordance with the Current Employment Agreement, as set forth in section 1 of this Report".

4. **Inspection of the Text of the Proposed Resolution**

The Company's shareholders may inspect the text of the proposed resolution at the Company's offices, from Sundays to Thursdays, from 09:00 a.m. – 16:00 p.m., by prior arrangement on Tel: 03 – 6844500, and also on the Internet sites

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of the Israel Securities Authority and the Tel Aviv Stock Exchange Ltd., whose addresses are specified in section 12 below.

5. **The Majority Required to Pass the Resolution at the Meeting**

For the purpose of approval of the item on the agenda, in accordance with the transition provisions set forth in Amendment No. 20 of the Companies Law, one of the following conditions must be satisfied, in addition to a simple majority: (1) the count of the votes of the majority at the general meeting shall include a majority of all the votes of the shareholders who are not controlling shareholders of the Company or entities with a personal interest in the approval of the compensation, who are participating in the vote (the count of all the votes of the said shareholders shall not take into account the votes of the abstaining shareholders); (2) the total of the votes against, from among the shareholders as stated in paragraph (1) above, shall not exceed a rate of two percent of the total voting rights at the Company.

6. **Mention of a Shareholder's Connection**

In the Second Part of the Voting Form, space is allocated for marking whether the shareholder has or does not have a connection, as required pursuant to the provisions of the Companies Law, and for giving a description of the nature of the relevant connection. **Should a shareholder not mark such space, or should he not describe the nature of the connection, his vote shall not be included in the count of the votes.**

7. **Validity of the Voting Form**

7.1 The Voting Form shall be valid solely if the following is attached thereto: "Confirmation of Ownership" (a power of attorney from the nominee company proving the ownership of the share; hereinafter: "Confirmation of Ownership") of the non-registered shareholder (that is to say, a shareholder in whose favor shares are registered with a Stock Exchange member and which shares are included amongst the shares registered in the Register of Shareholders, in the name of the nominee company), or a photocopy of an ID card, passport or document of

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incorporation, as the case may be, if the shareholder is registered in the Company's books.

7.2 The last date for delivery of the voting forms is up to 72 hours prior to the time of the general meeting. For this purpose, the time of delivery is the time at which the Voting Form and the documents which need to be attached thereto arrived at the Company's offices, whose address is specified in section 10 below.

8. **The Record Date for Determining a Shareholder's Entitlement to Participate in and Vote at the Meeting**

The record date for determining a shareholder's entitlement to vote at the general meeting, as stated in section 182 (b) of the Companies Law, 5759 – 1999, is Thursday, May 30, 2013 (hereinafter: the "**Record Date for Voting at the Meeting**").

9. **The Company does not allow voting through the Internet.**

10. **The Company's Address for Delivery of the Voting Forms and the Position Statements**

At the Company's offices, at 23 Aranha St. (Millennium Tower), Tel Aviv.

11. **The Last Date for Delivering Position Statements**

A position statement of a shareholder may be submitted up to ten days after the Record Date for determining the entitlement of a shareholder of the Company to vote at the general meeting, as stated in section 182(b) of the Companies Law, which is specified in section 8 above. The last date for submission of the Board of Directors' response to position statements – if submitted by the shareholders, and if the Board of Directors chooses to submit its response to the said position statements – is not later than five days after the last date for the delivery of position statements, as stated above.

12. **Addresses of the Distribution Site and the Internet Site of the Stock Exchange, Where the Voting Forms and Position Statements are Available**

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

12.1 The address of the distribution site of the Israel Securities Authority:
<http://www.magna.isa.gov.il>.

12.2 The address of the Internet site of the Tel Aviv Stock Exchange Ltd.:
<http://maya.tase.il>.

13. **Additional Comments, as Required Pursuant to the Voting Regulations**

13.1 A shareholder is entitled to receive the Confirmation of Ownership, as defined in section 71 of the Companies Law, and as stated in section 7.1 above, at the branch of the Stock Exchange member or by dispatch by mail, if he so requested. A request in this matter shall be given in advance, for a particular securities account.

13.2 A shareholder may contact the Company directly to receive from it, without charge, the draft of the voting form or, with his consent, a link to the draft of the Voting Form on the distribution site and the position statements as reached the Company.

13.3 A shareholder who is not registered may receive by email, without charge, a link to the draft of the Voting Form and the position statements (if any) on the distribution site, from the Stock Exchange member through which he holds his shares, unless he informed the Stock Exchange member that he does not wish to receive such a link or that he wishes to receive voting forms by mail, in consideration of payment. The non-registered shareholder's notice with regard to the voting forms shall also apply with regard to the receipt of position statements (if any).

13.4 A shareholder shall note the manner of his voting with regard to the item on the agenda in the Second Part of this Voting Form.

13.5 One or more shareholders who hold shares at a rate constituting five percent or more out of the total voting rights at the Company and also a shareholder who holds such a rate out of all the voting rights which are not held by the controlling shareholder of the Company, as defined in

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section 268 of the Companies Law, is entitled to inspect the voting forms, as set forth in Regulation 10 of the Voting Regulations.

13.5.1 As of the date of sending this Voting Form, the number of shares which constitutes 5% of the total voting rights at the Company is: 381,307 ordinary shares of the Company having a par value of NIS 1 each.

13.5.2 As of the date of sending this Voting Form, the number of shares which constitutes 5% of the total voting rights at the Company which are not held by the controlling shareholder of the Company is: 183,550 ordinary shares of the Company having a par value of NIS 1 each.

14. **Cancellation of the Voting Form**

A shareholder may, up to 24 hours prior to the time of convening of the general meeting, contact the address for submission of voting forms, as stated in section 10 above, and after proving his identity to the satisfaction of the Company Secretary or another employee appointed for this purpose, he may withdraw the voting form and his Confirmation of Ownership, or cancel his vote; should he do so, the said shareholder may vote only during the general meeting.

* * *

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APPENDIX A – VOTING FORM

ISRAEL CORPORATION LTD.

VOTING FORM

In accordance with the Companies Regulations (Voting in Writing and Position Statements), 5765 – 2005 (hereinafter: the "Voting Regulations")

SECOND PART

Part A:

1. **Name of the Company:** Israel Corporation Ltd. (hereinafter: the “**Company**”); Public Co. No. 52-002801-0.
2. **Company’s Address (for delivering and sending voting forms):** 23 Aranha St. (Millennium Tower), Tel Aviv.
3. **Date of the Meeting:** Sunday, June 30, 2013, at 11:00 a.m., and any adjourned meeting.
4. **Type of the Meeting:** A special general meeting.
5. **Record Date:** Thursday, May 30, 2013.
6. **Voting By Internet:** The Company does not allow voting through the Internet.

Part B (to be completed by the shareholders):

1. **Details of the Shareholder**

- 1.1 Name of the Shareholder: _____.
- 1.2 ID No.: _____.
- 1.3 Passport No. (if the shareholder does not possess an Israeli ID card): _____.
- 1.4 The country in which the passport was issued (if the shareholder does not possess an Israeli ID card): _____.
- 1.5 The passport is valid until (if the shareholder does not possess an Israeli ID card): _____.
- 1.6 Corporation No. (if the shareholder is a corporation): _____.

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1.7 Country of incorporation (if the shareholder is a corporation):
_____.

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APPENDIX A – VOTING FORM

2. Manner of Voting

Item on the Agenda	Manner of Voting ¹			Do you have a personal interest in the resolution ²		Are you an interested party in the Company ³		Are you a senior officer of the Company ⁴		Are you an institutional investor ⁵	
	For	Against	Abstain	No	Yes	No	Yes	No	Yes	No	Yes
<i>The approval of the extension of the agreement for the term of office of the Chairman of the Board of Directors of the company, Mr. Amir Elstein, up until December 31, 2013, in accordance with the Current Employment Agreement, as set forth in section 1 of the Report</i>											

* Please specify the nature of the relevant connection, as the case may be:

3. Comments in Accordance with the Voting Regulations:

- a. Shareholders holding shares through a Stock Exchange member (pursuant to section 177(1) of the Companies Law, 5759 – 1999) – this Voting Form is valid solely upon the attachment of Confirmation of Ownership.
- b. Shareholders registered in the Company's Register of Shareholders – the Voting Form is valid upon the attachment of a photocopy of the ID card/ passport/ certificate of incorporation.

Date: _____

Shareholder's Signature

¹ Failure to mark a response in this part is tantamount to abstaining in the vote on the said matter.

² The vote of a shareholder who fails to complete this column, or who marks "Yes", but fails to give details, shall not be included in the count of votes. "Personal interest" includes "negative personal interest".

³ As defined in the Securities Law, 5728 – 1968.

⁴ As defined in the Securities Law, 5728 – 1968.

⁵ As defined in Regulation 1 of the Supervision of Financial Services (Provident Funds) (Management Company's Participation in General Meeting) Regulations, 5769-2009; and also a joint investment mutual fund manager as construed in the Joint Investment Trust Law, 5754 – 1994.