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Israel Corporation Ltd.

Registrar Number: 520028010

**Form 136
Public**

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

Short name: Israel Corporation

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Date of Transmission: August 26, 2014

Reference: 2014-01-142947

To:

The Securities Authority

www.isa.gov.il

To:

The Tel Aviv Stock Exchange

www.tase.co.il

Immediate Report on a Transaction with a Controlling Shareholder or Director which does not require the Approval of the General Meeting

1. A report on the approval of a transaction pursuant to Regulation 1 of the Companies Regulations (Relief in Transactions with Interested Parties), 5760-2000 is hereby filed.
2. Date of approval of the transaction by the Board: August 26, 2014.
3. Summary of the transaction highlights and main reasons for the Board and the Audit Committee to approve the transaction.

Report attached

6. Below is the Wording of Regulation 1 c. Of the Companies Regulations (Relief in Transactions with Interested Parties), 5760-2000:
 - (a) the reliefs under the Regulations of 1 to 1b, shall not apply to a public company if one shareholder or more, holding at least one percent of the issued capital or voting rights of the company, notified his objection to granting such relief, and provided that such objection was submitted to the Company in writing by no later than fourteen days from the day the public Company filed a report under the Securities Act regarding the adoption of the resolution or from the day the Company filed an amended Report to the aforementioned report.
 - (b) In case of the submission of an objection as provided in sub-regulation (a), the transaction must be approved in accordance with the provisions of Section 273 or 275, as the case may be.

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alchek-Kaplan
Position: Vice President, General Counsel and Company Secretary
Date of signing: August 26, 2014

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Israel Corporation Ltd.

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Attorney Maya Alcheh-Kaplan

Vice President

General Counsel and Company Secretary

ISRAEL CORPORATION

August 26, 2014

To:

The Securities Authority

www.isa.gov.il

To:

The Tel Aviv Stock Exchange

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Re: Immediate Report - Israel Corporation Ltd. (the "Company")

In Accordance with the Companies Regulations (Relief in Transactions with Interested Parties), 5760-2000 (the "**Relief Regulations**") and in Accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970, the Company hereby reports as follows:

1. On August 9, 2012, the general meeting of shareholders of the Company approved a "framework agreement", as referred to in Regulation 1(3) of the Relief Regulations, which allows, over a three year period, the renewal of an insurance policy purchase for Company officers, serving in office in the Company today and as will serve the Company from time to time¹ (and including, their responsibilities in office, at the request of the Company or on its behalf, in companies held by the Company, directly or indirectly), from any insurance company in Israel and/or abroad, which shall be selected by the Company's Board of Directors, provided that the Audit Committee and the Company's Board of Directors shall

¹ Including officers considered to be controlling shareholders and/or their relatives and/or officers that the controlling shareholder may be deemed to have a personal interest in their inclusion in the insurance policy.

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approve, with regards to each insurance renewal, that the terms of the policy are in accordance with the terms of the framework agreement, including, *inter alia*, an option to change the terms of renewal of the policies purchased, subject to the framework agreement (the “**Framework Agreement**”).

For further details regarding the Framework Agreement and its terms, see the Company's Immediate Report dated July 4, 2012 (Reference: 2012-01-176643), presented herein by way of reference.

2. The renewal of the insurance policy purchase in relation to the officers of the Company serving today and as shall serve the Company from time to time (including liability in office, at the request of the Company or on its behalf, in companies held by the Company, directly or indirectly), for an additional year, until the day of August 30, 2015, was approved by the Compensation Committee in its meeting dated August 21, 2014, by the Audit Committee in its meeting dated August 21, 2014², and by the Company's Board of Directors at its meeting dated August 26, 2014. The approved insurance policy includes a first layer shared with Israel Chemicals Ltd. (“**ICL**”), of an officer's liability insurance with a limit of USD 20 million per event and per period, and a separate second layer of liability insurance for officers in the Company group with a limit of an additional USD 120 million per event and per period. Under the terms of the Framework Agreement, officers of the Company group as aforesaid shall be beneficiaries under both layers. As part of the aforementioned approvals, the total annual premium to be paid by the Company with respect to the aforesaid policy which does not exceed the maximum premium amount specified in the Framework Agreement was approved, as well as that the terms of the policy are in accordance with terms of the Framework Agreement, as specified in the Report mentioned in Section 1 herein, and also in accordance with the compensation policy for officers of the

² In the framework of such meeting, it was also determined that the renewal of the insurance policy purchase shall not be deemed as an extraordinary transaction.

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Company. Additionally, the Compensation Committee and Board of Directors approved³, that a transaction as aforesaid, with respect to the Company's CEO, is made under the same conditions as those respective of the rest of the officers of the Company, that it is made under market conditions and that it is not likely to materially affect the Company's profitability, assets or liabilities.

3. The purchase of the insurance policy was approved, *inter alia*, based on the parameters and arguments specified in the report presented in Section 1 herein, and given that the policy terms match the terms of the Framework Agreement and the compensation policy for the officers of the Company as approved by the Company's General Meeting⁴, are reasonable in light of the Company's operations and standard market conditions, and are in identical terms for all of the Officers, and given that the insurance coverage for officers is fair, reasonable and favorable to the company, as it may allow the officers of the Company to fulfill their duties properly in consideration of the risks involved in their duties and their responsibilities.
4. In accordance with Regulation 1C of the Relief Regulations: (a) the reliefs under Regulation 1 to 1B of the Relief Regulations shall not apply to the Company if one shareholder or more, holding at least one percent of the issued capital or voting rights in the Company, notified his objection to the grant of such relief, and provided that that such objection was submitted to the Company in writing no later than fourteen days from the day this report was submitted, or an amendment of this report was submitted, insofar as it shall be submitted; (b) If an objection was submitted as described in paragraph (a) above, the transaction must be approved in accordance with the provisions of Section 273 or 275 of the Companies Law, 5759-1999, as the case may be.

³ Including pursuant to Regulation 1a1 of the Relief Regulations.

⁴ See the Company's Reports of March 26, 2014 and May 1, 2014 (Reference No. 2014-01-025239 and 2014-01-05587, respectively).

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Sincerely,

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 and Company Secretary

Date of signing: August 26, 2014.