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**The Israel Corporation Ltd.**

Millennium Tower, 23 Aranha Street, P.O.B. 20456, Tel-Aviv 61204  
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**Adv. Maya Alchek Kaplan**

Internal Legal Counsel and Company Secretary

**ISRAEL CORPORATION**

July 1, 2010

To:  
The Securities Authority  
via MAGNA

To:  
The Tel-Aviv Stock Exchange Ltd.  
via MAGNA

Dear Sir/Madam,

**Re: Immediate Report - Changes in the Company's Board Composition**

Israel Corporation respectfully reports the following:

1. In today's meeting of the Board of Directors of the Company Mr. Idan Ofer conveyed his request to end his office as the Chairman of the Board, and to continue to serve as a director in the Company and as the Chairman of the board of Better Place. Mr. Ofer explained his request to end his office by the fact that after 11 years as Chairman of the Board, he believes that it is only right and healthy for the Company to have a changing of guard, especially considering that there is a competent and skilled nominee to replace him.
2. Following the aforesaid, the Company's Board resolved to accept Mr. Idan Ofer's notice, and to appoint Mr. Amir Elstein as the Chairman of the Company's Board, effective as of the date of the resolution.
3. In its resolution the Board of Directors of the Company considered, *inter alia*, the following considerations:
  - 3.1. Mr. Amir Elstein bring with him a multi national business experience, this considering, *inter alia*, his previous positions as a senior executive in two leading companies, 'Intel Israel' and 'Teva', and in view of his continuing position as the Chairman of Tower Semiconductors Ltd.
  - 3.2. The Company's Board believes that the combination of Mr. Elstein experience as abovementioned together with his technological background and the experience he gathered with respect to the Company and its subsidiaries during his office as Vice Chairman of the Board, will constitute a basis for his success and ability to consummate the business strategy of the Company, inter alia, considering that the Company is a public company with a vast international activity.
  - 3.3. The entry of Mr. Elstein to his office as Chairman of the Board was made in an orderly and structured manner, given, among other things, that Mr. Elstein is serving as a Vice Chairman of the Company's Board and as chairman of a number of ad-hoc committees of the Board over the past year, and during such time he acted in a close cooperation with Mr. Idan Ofer, the outgoing Chairman, and Mr. Nir Gilad, the Company's CEO.

4. Considering the aforesaid, the Board of Director of the Company accepted the request of Mr. Idan Ofer, the outgoing Chairman of the Board, to end his office as Chairman of the Board as of this date, and thanked him for his long lasting activity (since 1999) as the Company's Chairman of the Board. As aforesaid, Mr. Idan Ofer continues to serve as a director in the Company's Board. The Board further noted his great and long lasting contribution to the business of the Company and its subsidiaries, during which Mr. Idan Ofer led the Company to achievements, including making investments in Israel and creating jobs, expanding the scope and areas of activity of the Company, entering to new markets and fields (including investments in the renewing energy field, such as the investments in the Better Place electric vehicles project), promoting the construction of a power plant in Rotem Plateau, strengthening the global spread of the Company (including the entry to markets in South America and in East Asia, mainly in China), and raising the value of the Company and the value of its assets.

Sincerely,

Israel Corporation Ltd.