

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.

August 30, 2010

TO:

THE SECURITIES AUTHORITY  
THROUGH THE MAGNA SYSTEM

THE TEL AVIV STOCK EXCHANGE LTD.  
THROUGH THE MAGNA SYSTEM

Dear Sir/ Madam,

Re: **Immediate Report - Renewal of Insurance of Officers**

Further to the immediate report of 2 August 2007 (ref. no.: 2007-01-345580) (hereinafter: the "**Previous Report**") and the immediate report of 25 September 2008 (ref. no.: 2008-01-270852), the Company respectfully reports, in accordance with the Companies Regulations (Easements in Transactions with an Interested Party), 2000 (hereinafter: the "**Dispensation Regulations**") and the Securities Law Regulations (Periodic and Immediate Reports), 1970, as follows:

1. On 10 September 2007, the general meeting of the Company approved a "framework resolution"<sup>1</sup>, which allows, during the course of 5 years commencing from the 2007 insurance year, the renewal of the acquisition of insurance in relation to directors and officers, as stated in the Previous Report, from any insurance company in Israel and/or abroad selected by the Company's board, provided that the audit committee and the board of directors of the Company confirm, with respect to any renewal of insurance, that the terms of acquiring the policies are consistent with the terms of the framework transaction and the ratio of dividing the premium between ICL Group and the Company Group pertaining to the common tier (as stated in the Previous Report), but the audit committee and the board of directors of the Company will have the authority to approve changes, from time to time, in connection with the ratio of division of the premium between the Company Group and ICL Group in relation to the common tier, provided the rate of the change will not deviate by more than 10% from the division described above, and that the audit committee and board of directors will have the authority

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<sup>1</sup> Within the meaning thereof in regulation 1(3) of the Companies Regulations (Interested Party Transactions), 2000.

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to change, from time to time, the coverage or the ratio between the tiers of the insurance policies, subject to the proviso that if, in future insurance years, from the date of the resolution, the insurance premium which the Company is required to pay, becomes more expensive, the following rules will apply: The annual premium to be paid by the Company in relation to the insurance year will not exceed by more than 15% per annum the premium amount, and in any event, it will not exceed 150% of the maximum premium (i.e., not more than 525 thousand U.S. dollars). For details regarding approval of the general meeting, as aforementioned, see the Company's immediate reports of 11 September 2007 (ref.: 2007-01-391321) and the Previous Report, which are presented here by way of reference. In addition, see immediate reports regarding renewal of the insurance period published on 25 September 2008 (ref. no.: 2008-01-270852) and on 24 Mars 2010 (ref. no.: 2010-01-428760), presented here by way of reference.

2. On 30 August 2010, the current insurance period will be expired. The current policy includes an initial joint tier with the ICL Group to cover claims up to US\$ 20 million and a separate second tier to cover additional US\$ 120 million. The total premium that was paid by the Company was approx. 208,000 U.S. dollars (excluding agents and consultants commissions, which are paid separately).
3. On 30 August 2010, the Audit Committee and the Board of Directors of the Company approved the renewal of the purchase of insurance with regard to the officers of the Company. The new policy includes an initial joint tier with the ICL Group to cover claims up to US\$ 20 million and a separate second layer to cover a further US\$ 120 million. The total premium to be paid by the Company is up to 220,000 U.S. dollars (excluding agents and consultants commissions, which are paid separately). In addition, the Audit Committee and the Board of Directors of the Company also approved that the terms of the purchase/ renewal of the policies are consistent with the terms of the framework transaction and also with the rate of the division of the premium between the ICL Group and the Company's Group, with regard to the joint tier (as stated in the Previous Report).

It shall be noted that Mr. Ofer Tarmachi, Who was nominated as Outside Director in the Company on 30 August 2010, participated in the meetings of the Audit Committee and the Board of Directors on 30 August 2010 in which the renewal of

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insurance of officers of the Company was approved, and also participated, before his nomination as Outside Director, in the meetings of the Audit Committee and the Board of Directors on 24 August 2010 and 25 August 2010 (respectively) in which the matter of the renewal of the said insurance was discussed.

4. The policy was renewed, *inter alia*, based on the parameters and the reasons specified in the Previous Report and also taking into consideration that the new policy terms are consistent with the terms of the framework transaction. The ratio of dividing the premium between ICL Group and the Company Group in relation to the common tier remained the same as provided in the Previous Report.
5. In accordance with Regulation 1.c of the Dispensation Regulations: (a) the dispensation pursuant to regulation 1 of the Dispensation Regulations will not apply to the Company if one or more shareholders, who holds at least one percent of the issued capital or of the voting rights in the Company, has given notice of its opposition to the granting of such dispensation, provided the opposition was submitted to the Company, in writing, no later than fourteen days from the date on which this report was filed or from the date on which an amended report was filed hereto, if and to the extent filed; (b) in the event of opposition being filed, as stated in sub-section (a) above, the engagement in question will require approval in accordance with the provisions of section 273 or 275 of the Companies Law, 1999, as the case may be.

Sincerely yours,

Israel Corp. Ltd.