

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.

November 2, 2010

TO:

THE SECURITIES AUTHORITY  
THROUGH THE MAGNA SYSTEM

THE TEL AVIV STOCK EXCHANGE LTD.  
THROUGH THE MAGNA SYSTEM

Dear Sir/Madam,

### **Re: Convening of an Annual General Meeting of the Company's Shareholders**

The Company hereby announces that an annual meeting of the Company's shareholders shall be held on Thursday, November 18, 2010, at 10:00, at the Company's offices at 23 Aranha St., Millennium Tower, Tel Aviv (hereinafter: the "Meeting").

#### 1. **On the Agenda:**

- 1.1 The appointment of the current directors in the Company to an additional term in office as directors in the Company (voting for each candidate to serve as a director will be done separately), excluded the outside directors who shall serve in office until the end of their statutory term in office. It is clarified that the directors proposed for an extending of their term of tenure will continue to be entitled to all the customary conditions applied on the Company's current directors (annual remuneration, participation remuneration and also the grant of insurance coverage, indemnity and exemption), by virtue of the resolutions of the general meeting and the Company's competent organs (*inter alia*, as set forth in the immediate reports dated March 22, 2001, September 11, 2007 and September 25, 2008), including the entitlement to remuneration as a director in accordance with that as set forth in the Company's immediate reports dated December 9, 2007 (Ref. no. 2007-01-471868), January 7, 2008 (Ref. no. 2008-01-007224), March 30, 2008 (Ref. no. 2008-01-088128), April 15, 2008 (Ref. no. 2008-01-110715), May 14, 2008 (Ref. no. 2008-01-133377), August 20, 2009 (Ref. no. 2009-01-188154) and July 22, 2010 (Ref. no. 2010-01-563250) (hereinafter, collectively: "**Accepted Terms of Tenure**"). Notwithstanding the foregoing, the Chairman of the board of directors of the Company, Mr. Amir Elstein, will be entitled to remuneration in accordance with his terms of tenure (as were approved by the Company's general meeting on September 16, 2010, Ref. no. 2010-01-623115), and on the matter of Mr. Idan Ofer terms of tenure as a director in the Company a separate report will be published;
- 1.2 The appointment of Mr. Eitan Raff as a director in the Company and the approval of his entitlement to all the Accepted Terms of Tenure (as defined aforesaid), commencing from

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the date of his appointment as a director in the Company by the Company's board of directors on October 21, 2010;

- 1.3 The appointment of accountant - auditors of the Company for 2010-2011 (with the board of directors being authorized to determine their fees in accordance with the Company's Articles of Association);
- 1.4 Discussion of the Company's financial statements and the report of the Board of Directors regarding the Company's state of affairs for 2009.

2. **Draft of the Proposed Resolution:**

- 2.1 To appoint to an additional term in office as directors in the Company the following directors (which shall continue to be entitled to the Accepted Terms of Tenure as defined aforesaid, as specified in article 1.1 aforementioned): (a) Amir Elstein; (b) Idan Ofer; (c) Ehud Angel; (d) Amnon Lion; (e) Zeev Nahari; (f) Ron Moskovitz; (g) Yoav Dopplet; (h) Yaacov Amidror; (i) Zehavit Cohen; (j) Aviad Kaufman (who was appointed by the Company's board of directors as mentioned in the immediate report dated July 1, 2010, Ref No. 2010-01-540633).
- 2.2 To appoint of Mr. Eitan Raff as a director in the Company. Mr. Eitan Raff will be entitled to all the Accepted Terms of Tenure (as defined aforesaid), commencing from the date of his appointment as director in the Company by the Company's board of directors on October 21, 2010, as mentioned in the immediate report dated October 24, 2010, Ref No. 2010-01-655773).
- 2.3 To reappoint the accountants from the accounting firm of Somekh-Haiken (KPMG), as the accountant auditors of the Company for 2010-2011, whilst, in accordance with the Company's Articles of Association, the board of directors will be authorized to determine their fees.

3. **Details, to the Best of the Company's Knowledge, About the Candidate for Office as an Outside Director:**

- 3.1 Signed declarations of the candidates to serve as directors in the Company, in accordance with the provisions of section 224B of the Companies Law, (hereinafter: the "Companies Law"), are enclosed herewith as **Appendix A** to this Report<sup>1</sup>.

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<sup>1</sup> A Hebrew version of the aforementioned signed declarations is attached to the original report published on the MAGNA SYSTEM

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3.2 For details regarding the directors for whom it is proposed to extend their tenure, as required in accordance with Regulation 36B(a)(10) of the Securities Regulations (Periodical and Immediate Reports), 1970, see **Appendix B** enclosed herewith to this Report.<sup>2</sup>

4. **Additional Details:**

4.1 It shall be noted that as of this date the Company has not adopted, in its Articles of Association, the provisions of Section 219(e) of the Companies Law, regarding the tenure of Independent Directors.

4.2 Further to immediate reports (Transaction Reports) of the Company dated 26.3.2006 and 1.5.2006 in regard to the Cooperation Framework Agreement between Zim Intergraded Services Ltd. and interested parties in the company, as was approved by the Company's general meeting on 11.5.2006, the Company hereby announces that the extension of the validity of the said Framework Agreement will be brought for the approval of the Company's general meeting (in the majority set on article 275(a)(3) of the Companies Law) on a later date, according to the Company's discretion.

5. **Notice of the Convening of a General Meeting:**

Notice is hereby given that an annual meeting of the Company's shareholders shall be held on Thursday, November 18, 2010, at 10:00, at the Company's offices at 23 Aranha St., Millennium Tower, Tel Aviv, whose agenda comprises the passing of the resolutions as set forth above.

6. **The Majority Required to Pass the Resolutions:**

The majority required to pass the resolutions specified in sections 2 above is a regular majority of the shareholders who are entitled to participate in the voting, who are present at the Meeting, whether in person or by proxy.

7. **The Effective Date:**

The effective date to determine the entitlement of a shareholder of the Company to vote at the Meeting, as stated in section 182 of the Companies Law, is on Sunday, November 7, 2010.

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<sup>2</sup> A Hebrew version of the aforementioned details regarding the Company's directors is attached to the original report published on the MAGNA SYSTEM

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8. **Proof of Ownership of the Share:**

In accordance with the Companies Regulations (Proof of Ownership of a Share for the Purpose of Voting at the General Meeting), 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, 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 Effective Date, in accordance with Form 1 in the Schedule to the said Regulations.

9. **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.

10. **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.

12. **Inspection of Documents:**

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

Sincerely yours,

**Israel Corporation Ltd.**