



Israel Corp. Ltd

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Millennium Tower, 23 Aranha Street P.O.
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Tel.: (03) 6844517 Fax: (03) 6844587
Advocate Maya Alcheh-Kaplan
Vice President
General Counsel and Company Secretary

To:

The Israeli Securities Authority
Through the magna system

The Tel Aviv Stock Exchange Ltd.
Through The Magna System

August, 17, 2016

Dear Sir/Madame,

Re: Israel Corporation Ltd. (the "Company")

1. Following the approval of the Company's general meeting of shareholders dated July, 14, 2015 of a framework transaction, allowing the company to engage over three years in the renewal of officers insurance policies,¹ and following the approval of the Company's general meeting of shareholders dated October, 8, 2015 regarding the deductible amount in the framework of the officers insurance policies ("**Framework Transaction**"), the Company hereby announces that on August, 17, 2016 the Company's Board of Directors approved, following the approval of the Company's Compensation Committee dated August, 15, 2016, the engagement in the renewal of the insurance policy for the Company's officers who serve today, and as shall serve from time to time (including the Company's CEO), following confirmation that the terms of the policy renewal are in accordance with the terms of the Framework Transaction.
For further details regarding the terms of the Framework Transaction and of the engagement in officers insurance policies, see Company's reports dated May, 28, 2015 and July 14, 2015 (References: 2015-01-031422 and 2015-01-072771), and dated August, 31, 2015 and October, 8, 2015 (References: 2015-01-109389 and 2015-01-130458), incorporated herein by way of reference.
2. The purchase of the insurance policy was approved, *inter alia*, based on the reasons specified in the above reports, including given that the terms of the policy are in accordance with the terms of the Framework Transaction and the Company's Officers Compensation Policy² and are identical for all officers; that the engagement in the purchase of the policy is in line with market conditions and is not likely to materially affect the Company's profitability, assets or liabilities; and given that the insurance coverage is part of the customary and acceptable terms of office in the Company, is fair, reasonable and in the interest of the Company, since it allows the Company's officers to fulfill their duties properly considering their responsibilities.

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 17, 2016

¹ Which constitutes, as stated in the convening report, also a "Framework Transaction" as this term is defined in the Companies Regulations (Relief in Transactions with Interested Parties), 2000.

² See Company's reports dated May, 28, 2015 and July 14, 2015 (References: 2015-01-031422 and 2015-01-072771).