

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.
Registrar Number: 520028010

Form T121
Public

Date of Transmission: 19/03/2018

Reference: 2018-01-026119

To:
The Securities Authority
www.isa.gov.il

To:
The Tel-Aviv Stock Exchange Ltd.
www.tase.co.il

Immediate Report

The Event: Approval of a Settlement Agreement – Derivative Action

Reference numbers of previous reports on this subject: 2017-01-103243, 2014-01-229086, and 2017-01-044589

A file is hereby attached: <http://maya.tase.co.il/reports/details/1151640/2/0>

The Company is not a shell company as defined in the Stock Exchange Regulations

The date when the event first became known to the corporation: 19/03/2018
Time: 10:30

Name of report authorized signatory and name of authorized electronic signatory: Maya Alchek Kaplan
Position: Vice President, General Counsel and Company's Secretary
Signature date: 19/03/2018

Form structure updated: 20/02/2018

Securities of the corporation are listed in the Tel Aviv Stock Exchange
Short name: Israel Corporation
Address: P.O.B. 20456, Tel Aviv 61204 Tel: 03-6844517, 03-6844500, Fax: 03-6844587
Email: MAYAAK@ISRAELCORP.COM

Former names of reporting entity: Israel Corporation Ltd.

Name of Electronic Reporter: Maya Alchek Kaplan. Position: Vice President, General Counsel and Company's Secretary
Address: Aranha 23, Tel Aviv 61204 Phone – 03-6844517, Fax: 03-6844587, e-mail: mayaak@israelcorp.com

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Israel Corp. Ltd

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Attorney Maya Alcheh-Kaplan

Vice President, General Counsel and Company's Secretary

March 19, 2018

To
The Securities Authority
via MAGNA

To
Tel-Aviv Stock Exchange
via MAGNA

To whom it may concern,

**Re: Immediate Report – Approval of a Settlement Agreement in the Framework of a Proceeding
of a Derivative Action**

Following the Company's previous report, dated May 1, 2017 (reference number: 2017-01-044589) concerning the approval of the Tel Aviv District Court (Economical Department) for a request to approve a derivative action, in the matter of grants received by officers of the Company (present and in the past) from the holders of controlling interest, for the completion of the distribution process which was the subject of the Company's immediate report dated December 23, 2014 (reference number: 2014-01-229086), and as mentioned in note 6.a.6 to the Company's financial reports dated September 9, 2017 (reference number: 2017-01-103243), the Company hereby updates that on March 18, 2018, a verdict was given by the Tel Aviv District Court, approving a settlement agreement for the termination of the procedure (the "**Settlement Agreement**").

According to the Settlement Agreement (in essence), the officers of the Company shall transfer a sum of 45 million NIS to the Company, ending all of the disputes subject of the above proceeding, on dates as specified in the Settlement Agreement. According to the Settlement Agreement, in exchange for the payments, all claims, issues and legal demands of the Company (including the plaintiff) towards the defendants in the proceeding are to be exhausted in regard to all claims, issues and legal demands raised in the framework of the approval request or the claim, including all such claims, issues and legal demands relating to the grants.

In addition, the Settlement Agreement dictates the payment of remuneration to the plaintiff and fees for professional services to the plaintiff's representative in a total sum of 7.3 million NIS, which shall be paid out of the sum paid to the Company as aforementioned, and on dates as specified in the verdict. The sum of the payment was ruled in consideration with the fact that the verdict is an innovative ruling, which was not previously given in the Israeli rulings.

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Sincerely,

Israel Corporation Ltd.

Name of report authorized signatory and name of authorized electronic signatory: Maya Alcheh
Kaplan

Position: Vice President, General Counsel and Company's Secretary.

Signature date: 19/03/2018