

Israel Corporation Ltd.

Millennium Tower, 23 Aranha St., P.O.B. 20456, Tel Aviv 61204

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Attorney Maya Alcheh-Kaplan

Vice President, General Counsel and Company Secretary

ISRAEL CORPORATION

August 23, 2018

To:

Israel Securities Authority
22 Kanfei Nesharim Street
Jerusalem

Tel-Aviv Stock Exchange Ltd.
2 Ahuzat Bayit Street
Tel Aviv Jaffa

Through the MAGNA system

Dear Sir/Madam,

Re: **Immediate Report on the Convening of a Special General Meeting of the Shareholders of Israel Corporation Ltd.**

An immediate report is hereby given in accordance with the Companies Law, 5759-1999 (hereinafter: the “**Companies Law**”), the Securities Regulations (A Transaction Between a Company and the Controlling Shareholder Thereof), 5761-2001 (hereinafter: the “**Controlling Shareholders Regulations**”), the Securities Regulations (Immediate and Periodic Reports) 5730-1970, the Companies Regulations (Notice and Notification of a General Meeting and a Class Meeting of a Public Company and the Addition of an Item to the Agenda), 5760-2000, and the Companies Regulations (Voting in Writing and Position Statements) 5766-2005 (hereinafter: the “**Voting Regulations**”), with respect to the convening of a special general meeting of the shareholders of Israel Corporation Ltd. (hereinafter: the “**Company**”), which will be convened on Thursday, October 4, 2018, at 10:00 a.m., at the Company’s offices, at 23 Aranha St., Millennium Tower, Tel Aviv (hereinafter: the “**Meeting**”), for the purpose of passing the resolutions on the agenda, as set forth below:

1. **The Item on the Meeting’s Agenda and a Summary of the Text of the Resolution**

The extension of the validity of the letters of indemnity to officers of the Company,¹ where the controlling shareholders of the Company could be deemed to have a personal interest in the approval of the extension of the validity thereof. For further details on this subject, see Section 2 below.

¹ Including, for the avoidance of doubt, during additional terms in office that are renewed at annual meetings and in accordance with the provisions of Section 275(A1) of the Companies Law.

Summary of the Text of the Proposed Resolution: “To approve the extension of the validity of the letters of indemnity to the officers of the Company, where the controlling shareholders of the Company could be deemed to have a personal interest in the approval of the extension of the validity thereof, in such draft as attached herewith as Appendix A to this Report for Convening a Meeting, which includes a qualified release provision, and all in accordance with the details in the Report for Convening the Meeting.”

2. **Additional Details with Respect to the Resolution in Section 1 – The Extension of the Validity of the Letters of Indemnity**

2.1 On November 8, 2011, the general meeting of the Company’s shareholders approved (further to the approval of the Company’s Audit Committee and Board of Directors²), with the majority that is required pursuant to Section 275 of the Companies Law, the granting of an updated letter of indemnity to officers of the Company (including officers who are deemed to be controlling shareholders and/or their relatives and/or officers where the controlling shareholders of the Company could be deemed to have a personal interest in the granting of the letters of indemnity to them) who are serving at the Company and who will serve at the Company from time to time³ (hereinafter: the “**Meeting’s Resolution of 2011**”).

2.2 In the course of approving the updated letter of indemnity in 2011, as stated above, the Company’s Audit Committee resolved, for the sake of caution, to specify the validity of the letters of indemnity that had been and/or would be granted to officers of the Company where the controlling shareholders of the Company could be deemed to have a personal interest in the granting thereof, for a period of seven years from the date of its resolution, after finding that this period of time was reasonable and appropriate under the circumstances of the matter.

2.3 In accordance with the Company’s compensation policy, which was approved by the shareholders’ general meeting on July 9, 2018 (hereinafter: the “**Compensation Policy**”),⁴ the Company’s officers are entitled, *inter alia*, to the arrangements that are included in the letters of indemnity for the Company’s officers, as have been and will be approved at the Company’s general meetings, *inter alia*, in order to guarantee the officers’ freedom of action, while taking into consideration the scope of the Company’s activities and the officers’ liability pursuant to law.

2.4 It should be noted that in the current letters of indemnity for the Company’s officers, a provision is included whereby the Company releases, in advance, an officer of the Company from his liability for any damage that is and/or will be caused by him to the Company, following a breach of the duty of care

² At their meetings held on September 20, 2011, and September 21, 2011, respectively.

³ As set forth in the reports published by the Company on November 2, 2011 (Reference No. 2011-01-314658) and on November 8, 2011 (Reference No. 2011-01-321351). It should be stated that the granting of the letter of indemnity was approved in the Meeting’s Resolution of 2011, further to and without derogating from the resolution of the general meeting of the Company’s shareholders of 2001, with respect to the approval of the granting of letters of indemnity to officers of the Company.

⁴ See the Company’s reports dated June 28, 2018 (Reference No. 2018-01-057546) and dated July 9, 2018 (Reference No. 2018-01-062016).

to the Company.⁵ In this context, it should be emphasized that the letter of indemnity for which the extension of the validity thereof is brought to the Meeting hereby convened will include a release provision from the duty of care, which will not apply to a resolution or transaction in which the controlling shareholders or any officer of the Company (also an officer other than the officer to whom the letter of release is granted) has a personal interest (hereinafter: the “**Qualified Release**”).

2.5 Further to the foregoing, on August 21, 2018, and on August 23, 2018, the Company’s Audit Committee, Compensation Committee and Board of Directors (respectively) approved the extension of the validity of the letters of indemnity to the officers of the Company, where the controlling shareholders of the Company could be deemed to have a personal interest in the approval of the granting thereof, in such draft as attached herewith as **Appendix A** to this Report, which includes the Qualified Release provision (hereinafter: the “**Letter of Indemnity**”).

2.6 It is clarified that the Company’s obligations pursuant to the Letter of Indemnity whose extension is brought for the approval of the Meeting will apply from the expiration of the specified period of the existing Letter of Indemnity that was granted to the said officers, without derogating from the validity and the scope of the Company’s obligations and the arrangements in accordance with the existing Letters of Indemnity that had been granted to the said officers prior to the expiration of the specified period thereof, as aforesaid (including in the event of an occurrence that takes place during this period, even if notification is provided thereafter).

3. **Additional Details That Are Required in Accordance with the Controlling Shareholders Regulations**

3.1 **The name of the controlling shareholder who has a personal interest in the resolution and the nature of the personal interest**

Millennium Investments Elad Ltd. (hereinafter: “**Millennium**”) and Mr. Idan Ofer are deemed to be the joint controlling shareholders of the Company for the purpose of the Securities Law.⁶ To the best of the Company’s knowledge, Millennium is held by Mashat Investments Ltd. (hereinafter: “**Mashat**”) and by XT Investments Ltd. (hereinafter: “**XT Investments**”), according to holding percentages in the issued share capital of 80% and 20%, respectively.⁷ Mashat is a private company, which is wholly held by a Dutch company by the name of Ansonia Holdings Singapore B.V. (hereinafter: “**Ansonia**”). Ansonia is a wholly held subsidiary of Jelany Corporation N.V.

⁵ In the Compensation Policy, it was stated that officers who are serving at the Company on the date of the approval of the Compensation Policy will continue to be entitled to a letter of indemnity that includes such a release provision, and officers who are not serving at the Company on the date of the approval of the Compensation Policy will be entitled to a letter of indemnity without such a release provision, and all as stated in the Compensation Policy.

⁶ Each of Millennium and Mr. Ofer hold shares of the Company directly, and Idan Ofer serves as a director of Millennium and has an indirect interest therein in his capacity as a beneficiary of the trust that indirectly controls Millennium, as stated below.

⁷ It should be noted that Mashat granted to XT Investments a power of attorney for a specified period (that can be extended) to vote in accordance with XT Investments’ discretion at the general meetings of Millennium in respect of shares that constitute 5% of the voting rights in Millennium.

(which is registered in Curaçao), which is a wholly held subsidiary of a Liberian company by the name of Court Investments Ltd. (hereinafter: “**Court**”). Court is wholly held by a foreign discretionary trust, of which Mr. Idan Ofer is the beneficiary. XT Investments is a private company which is wholly held by XT Holdings Ltd. (hereinafter: “**XT Holdings**”). To the best of the Company’s knowledge, the ordinary shares of XT Holdings are held in equal parts by Orona Investments Ltd. (which is indirectly controlled by Mr. Ehud Angel) and by Lynav Holdings Ltd. (hereinafter: “**Lynav**”), a company which is controlled by a foreign discretionary trust, of which Mr. Idan Ofer is the beneficiary.⁸ In addition, Kirby Enterprises Inc., which, to the best of the Company’s knowledge, is indirectly held by the trust that holds Mashat, of which, as stated above, Mr. Idan Ofer is the beneficiary, holds approximately 0.74% of the Company’s share capital (approximately 0.75% of the voting rights of the Company). In addition, Mr. Idan Ofer directly holds approximately 3.85% of the Company’s share capital (approximately 3.89% of the voting rights of the Company).

The controlling shareholders of the Company may be deemed, for the sake of caution, to have a personal interest in the approval of the item on the agenda, due to the application of the resolution to the officers as stated in Section 3.2 below, who are serving as officers thereof and/or as officers of the companies that are related (directly or indirectly) to them.

3.2 **The names of the directors who have a personal interest in the approval of the resolution and the nature of the personal interest**

In view of the foregoing, the directors, Mr. Aviad Kaufman and Mr. Amnon Lion, have a personal interest in the approval of the resolution on the agenda due to their being entitled pursuant thereto to the Letters of Indemnity, subject to the Meeting’s approval.⁹ These directors were not present and did not participate in the discussions and in the resolutions with respect to the engagement that is the subject of this Report.

3.3 **Details of transactions of the kind of the engagement or similar transactions that have been signed during the last two years or that are still in effect on the date of the Board of Directors’ approval**

In the two years that preceded the approval of the transaction that is the subject of this Report by the Board of Directors of the Company, no transactions have been implemented that are similar to the transaction that is proposed between the Company and the controlling shareholders thereof or in which the controlling shareholders had a personal interest, and also, as of the date of this Report, no such transactions are in effect, with the exception of the current Letters of Indemnity for the officers of the Company as stated above and also the approval of the Company’s Compensation Policy as stated in Section 2.4 above.

⁸ It should be noted that Mr. Ehud Angel has, *inter alia*, a special share which confers on him, *inter alia*, with certain restrictions and for certain purposes, an additional vote on the Board of Directors of XT Holdings.

⁹ The said gentlemen were included, for the sake of caution, among the officers who were entitled to the Letter of Indemnity whose period was specified in connection with the Meeting’s Resolution of 2011.

3.4 **The way in which the consideration was determined**

The Letters of Indemnity are granted to the officers of the Company, as part of the standard terms of service at the Company. As stated below, these are standard terms at public companies in Israel.

3.5 **The approvals that are required for passing the resolutions on the Meeting's agenda**

3.5.1 The Company's Audit Committee, at its meeting of August 21, 2018, resolved to unanimously approve, subject to the approval of the Company's Compensation Committee, Board of Directors and general meeting, the resolution on the agenda.¹⁰ The Audit Committee's meeting was attended by Yaacov Amidror (outside director, Chairman of the Committee) and Dr. Joshua Rosensweig (outside director).

3.5.2 The Company's Compensation Committee, at its meeting of August 23, 2018, resolved to unanimously approve, subject to the approval of the Company's Board of Directors and general meeting, the resolution on the agenda. The Compensation Committee's meeting was attended by Dr. Joshua Rosensweig (outside director, Chairman of the Committee), Yaacov Amidror (outside director) and Dan Suesskind.

3.5.3 The Company's Board of Directors, at its meeting of August 23, 2018, resolved to unanimously approve, subject to the approval of the Company's general meeting, the resolution on the agenda. The Board of Directors' meeting was attended by Dr. Joshua Rosensweig (outside director), Yaacov Amidror (outside director) and Dan Suesskind.

3.5.4 The engagement set forth above requires the approval of the Company's general meeting, hereby convened in accordance with this Report, with the special majority that is set forth in Section 5 below.

3.6 **A summary of the reasons of the Audit Committee, the Compensation Committee and the Board of Directors**

The Company's Audit Committee, Compensation Committee and Board of Directors approved the resolution on the agenda, unanimously, subject to the

¹⁰ The Audit Committee resolved, for the sake of caution, to specify the period of the validity of the Letters of Indemnity that would be granted to and/or whose validity would be renewed for the officers of the Company where the controlling shareholders of the Company could be deemed to have a personal interest in the granting thereof, for a period of seven years from the date of the general meeting's approval that is the subject of this Report (including, for the avoidance of doubt, during additional terms of office that are renewed at annual meetings), after finding that this period of time was reasonable and appropriate under the circumstances of the matter. The Audit Committee also determined in the aforesaid resolution, in accordance with its authority pursuant to Section 117(1B) of the Companies Law, that the conducting of a competitive proceeding or any other proceeding is not relevant in a resolution of this kind.

approval of the general meeting, *inter alia*, based on the main considerations set forth below:¹¹

- 3.6.1 The extension of the validity of the Letter of Indemnity for the Company's officers is for the Company's benefit, given that the Letter of Indemnity allows the Company's officers, including the Company's directors, to perform their position in a proper manner and for the Company's benefit, while taking into consideration the risks that are entailed in the Company's activities and the personal liability that is imposed by law on officers and directors, in particular, due to their actions as officers of the Company, while bearing in mind that the Company aspires to encourage the service of high-quality officers at the Company, and due to the importance of the existence of the Letters of Indemnity for the officers' performance.
- 3.6.2 The granting of an indemnity undertaking that includes a Qualified Release is standard practice at many public companies in Israel, including at companies whose activities are similar in scope and in nature to the Company's activities, and it has previously been granted to officers and directors of the Company.
- 3.6.3 The granting of an undertaking to indemnify officers, including officers of the Company where the controlling shareholders of the Company could be deemed to have a personal interest in the granting thereof, which is limited to a maximum amount and which includes a Qualified Release provision, is reasonable and appropriate under the circumstances of the matter, while taking into consideration the personal liability that is imposed on the Company's officers.
- 3.6.4 The indemnity arrangements and the Qualified Release that are set forth in the Letter of Indemnity are consistent with the provisions of the Company's Compensation Policy and with the provisions of the applicable law and pursuant to the restrictions determined therein.
- 3.6.5 A qualification has been added to the text of the release provision in the Letter of Indemnity that will be granted, in accordance with (and subject to) the approval of the Meeting hereby convened, whereby the release provision will not apply to a resolution or transaction in which the controlling shareholders or any officer of the Company (also an officer other than the officer to whom the letter of release is granted) has a personal interest.

In view of all of the foregoing, the members of the Company's Audit Committee, Compensation Committee and Board of Directors believed that the extension of the validity of the Letters of Indemnity to the Company's officers is fair and reasonable and for the Company's benefit.

¹¹ After it was determined that the resolution with respect to the extension of the validity of the aforesaid Letter of Indemnity does not include a "distribution" as defined in the Companies Law.

4. **Notice of the Convening of a Special General Meeting**

Notice is hereby given that a special general meeting of the Company's shareholders will be held on Thursday, October 4, 2018, at 10:00 a.m., at the Company's offices at 23 Aranha St., Millennium Tower, Tel Aviv, whose agenda comprises the passing of the resolution as set forth above.

5. **The Majority Required to Approve the Resolution on the Meeting's Agenda**¹²

The majority that is required at the Meeting to approve the resolution proposed in Section 1 above is a majority of the shareholders who are present at the Meeting, in person or by proxy, provided that one of the following conditions is satisfied: (1) the count of the votes of the majority at the general meeting will include a majority of all the votes of the shareholders who do not have a personal interest in the approval of the proposed resolution, who are participating in the vote; the count of all the votes of the said shareholders will not take into account the votes of the abstaining shareholders; (2) the total of the votes against, from among the shareholders as stated in paragraph (1) above, will not exceed a rate of two percent (2%) of the total voting rights at the Company.

A shareholder who has a personal interest will be subject to the provisions of Section 276 of the Companies Law, *mutatis mutandis*.

6. **Quorum and Adjourned Meeting**

Pursuant to the Company's Articles, the quorum for the purpose of holding the Meeting will be constituted when five shareholders are present, 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 will stand adjourned by one week to the same day, 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 will constitute a quorum.

7. **The Record Date and Proof of Ownership of a Share**

The record date for determining the entitlement of a shareholder of the Company to vote at the general meeting as stated in Section 182(c) of the Companies Law and in Section 3 of the Companies Regulations, is at the end of the Stock Exchange trading day of Thursday, August 30, 2018, and if no trading is conducted on the Record Date, then on the first trading day prior thereto (hereinafter: the "**Record Date**").

In accordance with the Companies Regulations (Proof of Ownership of a Share for the Purpose of Voting at the General Meeting), 5760-2000, any 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 that are registered in the Register of Shareholders, in the name of a nominee company, and who wishes to

¹² The controlling shareholders of the Company do not hold shares at a rate that would confer on them the majority that is required to pass the resolution on the agenda, given that for the purpose of passing this resolution, a special majority is required.

vote at the general meeting, will submit to the Company confirmation from the said member of the Stock Exchange, with whom his title to the share is registered, regarding his ownership of the share, on the Record Date, in accordance with the form in the Schedule to the said Regulations (hereinafter: “**Confirmation of Ownership**”).

Such a shareholder is entitled to receive the Confirmation of Ownership from the member of the Stock Exchange through whom he holds his shares, at the branch of the member of the Stock Exchange or by post, to his address, in consideration of postal costs only, if he so requested, and a request in this regard will be made in advance for a particular securities account.

8. **The Manner of the Voting**

8.1 **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 the provisions of the Company’s Articles. A shareholder who wishes to vote by proxy, as stated above, will 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, as the case may be.

8.2 **Voting by voting form and the sending of position statements**

In accordance with the Voting Regulations, a shareholder who is entitled to participate in and vote at the Meeting may vote on a resolution submitted for the Meeting’s approval, by using a voting form. For this purpose, the vote of the shareholder who voted using a voting form will be counted as if he had been present at and participated in the Meeting. The vote using a voting form, with respect to a shareholder who wishes to vote using a voting form instead of his participation at the Meeting in person and/or by proxy, will be done using the Second Part of the Voting Form, which is attached herewith as **Appendix B** to this Report.

The voting form and the documents that need to be attached thereto as specified in the voting form will be submitted to the Company’s offices up to four hours prior to the time for the convening of the Meeting. For this purpose, the time of submission is the time when the voting form and the documents that need to be attached thereto arrived at the Company’s offices. A member of the Stock Exchange will send, by e-mail, without consideration, the link to the draft of the voting form and the position statements on the distribution site, to any shareholder who is not registered in the Register of Shareholders, and whose shares are registered with the said Stock Exchange member, unless the shareholder notified the Stock Exchange member that he does not wish to receive such link or unless he gave notice that he wishes to receive voting forms by post, in consideration of postal costs only.

The addresses of the websites of the Israel Securities Authority and the Tel Aviv Stock Exchange Ltd., where the draft of the voting form, the position statements (if submitted to the Company) and the updated agenda (if published) are available, are as follows: the distribution site of the Israel Securities Authority: <http://www.magna.isa.gov.il> (hereinafter: the

“**Distribution Site**”); and the website of the Tel Aviv Stock Exchange Ltd.: <https://maya.tase.co.il>. A shareholder may also contact the Company directly to receive the text of the voting form and the position statement, if submitted, from the Company.

One or more shareholders who holds shares on the Record Date at a rate that constitutes five percent or more of the total voting rights at the Company, and also any shareholder who holds such a rate out of the total voting rights that are not held by the controlling shareholder of the Company, as this term is defined in Section 268 of the Companies Law, may inspect the voting forms as set forth in Regulation 10 of the Voting Regulations.

As of the present date, the number of shares which constitute 5% of the total voting rights of the Company is: 381,307 ordinary shares having a par value of NIS 1.00 each of the Company.

As of the present date, the number of shares which constitute 5% of the total voting rights of the Company which are not held by the controlling shareholder of the Company, as this term is defined in Section 268 of the Companies Law, is: 182,952 ordinary shares having a par value of NIS 1.00 each of the Company.

The last date for the submission of position statements is up to ten days prior to the date of the Meeting, and the last date for the submission of the Board of Directors’ response to a position statement is up to five days prior to the date of the Meeting.

8.3 **Voting Through the Electronic Voting System**

A non-registered shareholder, as defined in Section 177(1) of the Companies Law, may vote using a voting form that will be transmitted to the Company through the Electronic Voting System (as defined below), all in accordance with and subject to the terms and conditions set forth in the Voting Regulations.

After the Record Date, upon receipt of an identification number and an access code from the member of the Stock Exchange, and after a process of identification, a non-registered shareholder may vote through the electronic system, which operates pursuant to Article B of Chapter G2 of the Securities Law, 5728-1968 (hereinafter and hereinabove: the “**Electronic Voting System**” and the “**Securities Law**,” as the case may be). The address of the Electronic Voting System, as construed in Section 44K2 of the Securities Law, is: <https://votes.isa.gov.il>.

In accordance with and subject to the terms and conditions set forth in the Voting Regulations and the instructions of the Israel Securities Authority in this regard, voting through the Electronic Voting System will be possible for up to six (6) hours prior to the time for the convening of the Meeting or at an earlier time as will be determined by the Israel Securities Authority, provided that it will not exceed 12 hours prior to the time for the convening of the Meeting (hereinafter: the “**System Closing Time**”). It should be clarified that a vote cast through the Electronic Voting System may be modified or

cancelled up until the System Closing Time, and it may not be modified through the Electronic Voting System after this time.

If a shareholder voted in more than one of the aforesaid ways, his later vote will be counted, and the vote of a shareholder in person at the Meeting or by proxy will be deemed to be later than a vote using a voting form or a vote through the Electronic Voting System.

9. **Request by a Shareholder for the Inclusion of an Item on the Agenda**

The last date for the submission of a request by a shareholder, pursuant to Section 66(b) of the Companies Law, to include an item on the agenda of the Meeting is up to seven (7) days after the date of the convening of the Meeting. It should be noted that if a request is submitted pursuant to this section above – there may be changes to the Meeting's agenda, including the addition of an item to the agenda, and the updated agenda is available for inspection in the Company's reports on the Distribution Site.

10. **Authority of the Israel Securities Authority**

10.1 In accordance with Regulation 10 of the Controlling Shareholders Regulations, the Israel Securities Authority, or an employee who has been authorized for this purpose, is authorized, within twenty one days from the date of the submission of the Report, to order the Company to provide, within such period of time as it will determine, an explanation, details, information and documents pertaining to the engagement that is the subject of the Report, and also to order the Company to amend the Report in such manner and at such time as it will determine.

10.2 Should an order be issued to amend the Report as stated in Section 10.1 above, the Israel Securities Authority may order the postponement of the date of the Meeting to a date that will occur not prior to the expiration of three business days and not later than thirty five days from the date of the publication of the amendment to the Report.

10.3 The Company will submit an amendment pursuant to such order by publishing it in an immediate report, it will send it to all of the shareholders to whom the Report is sent, and it will also publish a notice that will specify the date of the Meeting, the fact that an amendment was made to the Report upon the order of the Israel Securities Authority, and the main elements of the amendment, and all, unless the Israel Securities Authority ordered otherwise.

10.4 Should an order be issued with respect to the postponement of the date of the convening of the Meeting, the Company will provide notice of the order in an immediate report.

11. **The Company's Representative**

The Company's representative for the purpose of handling this Immediate Report is Adv. Maya Alcheh-Kaplan, Vice President, General Counsel and Company Secretary, whose address is at the Company's offices, at 23 Aranha St., Millennium Tower, Tel Aviv, on Tel: 03-6844500 and Fax: 03-6844587.

12. **Inspection of Documents**

The Company will provide for the inspection of a shareholder, at his request, and subject to what is stated in any law, a copy of any document that pertains to the proposed resolutions, including documents that were presented to the Company's Audit Committee, Compensation Committee and Board of Directors during the proceedings to discuss and pass the resolution in the matter on the agenda, at the Company's offices, at 23 Aranha St., Millennium Tower, Tel Aviv, from Sundays to Thursdays, from 09:00 a.m. – 16:00 p.m., by prior arrangement on Tel: 03-6844500.

Sincerely yours,

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 & Company Secretary
Date of signature: August 23, 2018.

Appendix A

Letter of Indemnity

In this Letter of Indemnity, the following terms will have the respective meanings set forth beside them below:

The Company	Israel Corp. Ltd
The Companies Law	Companies Law 5759-1999
Securities Law	Securities Law 5728-1968
Office holder	Whoever serves as an office holder in the Company from time to time within the meaning of this term in Section 1 to the Companies Law (including substitute director), including office holder in the Company serving as an office holder in a corporation held by the Company or a related company thereof (hereinafter: Another Corporation) at the Company's request.
"Office holders insurance policy" or "Policy"	Policy for the insurance of liability of directors and office holders purchased or that will be purchased by the Company, whether as one policy or more.
The Index	The consumer price index (general index) published from time to time by the Central Bureau of Statistics near the Prime Minister Office.
"Action" or "Actions"	Including an act and/or decision and/or omission (or any action deriving therefrom) and including any action before the date of this Letter of Indemnity

Whereas The Company has an office holders insurance policy;

And whereas: The insurance cover, monetary extent or the provisions set forth in the office holder insurance policy might not provide full insurance cover in respect of any claim that might be submitted (if and to the extent submitted) against office holders;

And whereas: The Company wishes to grant its office holders an independent undertaking for indemnity and independent undertaking for exemption in addition to insurance.

And whereas: This Letter of Undertaking does not apply to the events specified in Section 263 to the Companies Law;

And whereas: This Letter of Undertaking expands the entitlement of office holders to indemnity and exemption and not decrease the same and therefore it should be construed broadly subject to the limitations of the law.

Therefore, following the approval and by virtue of the resolution of the Audit Committee dated 1.2.2001, ~~and~~ 20.9.2011 and 21.8.2018, and the resolution of the Compensation Committee dated 23.8.2018, and the approval and by virtue of the resolution of the Company's Board of Directors dated 1.3.2001, ~~and~~ 21.9.2011 and 23.8.2018, and with the approval and by virtue of the resolution of the Company's extraordinary General Meeting dated 21.3.2001, ~~and~~ 8.11.2011 and _____, the Company hereby undertakes, in accordance with the provisions set forth in the Companies Law and Regulation 138 to the Company's Articles to grant office holders indemnity and exemption as specified in this Letter of Indemnity.

1. Exemption from liability

The Company exempts in advance any office holder therein from liability for damage caused and/or will be caused by him to the Company due to breach of the duty of care towards it. Notwithstanding the aforementioned, the Company does not exempt an office holder therein from liability in respect of a resolution or a transaction in which the controlling shareholder or any other office holder in the Company (including a different office holder from the one granted this exemption letter) has a personal interest.

2. Undertaking for indemnity

Subject to the provisions set forth in this Letter of Undertaking and the provisions set forth in the Companies Law:

- 2.1. The Company hereby irrevocably undertakes to indemnify any office holders for liability as specified in Section 2.2.1 hereunder, imposed on him due to actions he committed or will commit by virtue of his position as office holder (including actions committed before the date of this Letter of Undertaking) and related directly or indirectly to one or more of the types of events specified in the addition to this Letter of Undertaking or a part thereof or anything related thereto directly or indirectly (hereinafter: the Addition) provided that that the maximal amount of indemnification will not exceed the amount specified in Section 3 hereunder and that the Company's Board of Directors prescribed that it is reasonable under the circumstances of the matter; and for expenses he made or liability imposed on him due to actions he committed (including before the date of this Letter of Undertaking) or will do by virtue of his position as office holder, as specified in Sections 2.2.2 to 2.2.4 hereunder.
- 2.2. The undertaking to indemnify the office holder as specified in Section 2.1 hereinabove will apply for liability or expense as follows:
 - 2.2.1. Any financial liability if and to the extent imposed on the office holder in favor of another person in accordance with a judgment in Israel and abroad, including judgment granted by way of settlement or an arbitral award approved by court.
 - 2.2.2. Reasonable litigation fees, including attorney fees, that the office holder made or was charged by the court, in a proceeding conducted against him by the Company or in its name or by another person, or criminal charges from which he is acquitted or criminal charges in which he is convicted with an offense that does not require proof of criminal intent.
 - 2.2.3. Reasonable litigation fees, including attorney fees, expended by the office holder due to an investigation or a proceeding conducted against him by an authority authorized to conduct an investigation or a proceeding and that was concluded without submitting an indictment against him and without imposing financial liability as an alternative to a criminal proceeding (within its meaning in the Companies Law) or that was

concluded without submitting an indictment against him yet by imposing financial liability as an alternative to a criminal proceeding in an offense that does not require proof of criminal intent or in connection with a monetary sanction.

In this Section "Conclusion of proceeding without submission of indictment in a matter in respect of which a criminal investigation was initiated" and "financial liability as alternative to criminal proceeding" - within their meaning in Section 260(a)(a1) to the Companies Law.

- 2.2.4. Financial liability imposed on the office holder (including as holder of senior office within its meaning in the Securities Law) for payment for a party injured by violation as specified in Section 52(54)(1)(a) to the Securities Law and/or expenses made by an office holder (including while serving holder of senior office within its meaning in the Securities Law) in connection with an administrative proceeding that was or is conducted in his case, including reasonable litigation fees, and attorney fees.

Administrative proceeding - a proceeding in accordance with Chapters H-3 (Imposition of Monetary Sanction by the Securities Authority), H-4 (Imposition of Administrative Means of Enforcement by the Administrative Enforcement Committee) or I-1 (Arrangement for Avoidance from Initiating Proceedings or Discontinuation thereof Stipulated upon Conditions) to the Securities Law, as amended from time to time.

3. Amount of indemnity

- 3.1. The amount of indemnity the Company will pay (in addition to the amounts received from the insurance company, if received, in the framework of an insurance policy purchased by the Company) for all office holders cumulatively, and in accordance with any letters of indemnity issued and/or will be issued for them by the Company, for one or more of the types of events specified in the Addition, will not exceed 25% (twenty five percent) of the Company's equity in

accordance with the latest financial statements published before the actual date of the indemnity (hereinabove and hereinafter: Maximum Amount of Indemnity).

- 3.2. If and to the extent that the total amount of the amounts of indemnity that the Company is required to pay will exceed the Maximum Amount of Indemnity or the remaining amount of Maximum Amount of Indemnity (according to its amount at the time) in accordance with Section 3.1 hereinabove, the Maximum Amount of Indemnity, or balance thereof, will be distributed between office holders who will be entitled to receive indemnity, in a manner that the amount of indemnity each of the office holders receives in actuality will be calculated according to the ratio between the amount of indemnification due to each of the office holders for the liabilities or expenses he should incur as a result of the legal proceeding and the amount of indemnity due to each of the aforesaid office holders for the liabilities or expenses they had to make as a result of the legal proceeding, cumulatively for that event.
- 3.3. In the event that the office holder receives any amount from an insurer of the office holders insurance policy for the event subject matter of indemnity, indemnity will be given as to the difference between the amount of financial liability imposed on the office holder and/or the legal expenses the office holder made or was charged with, as specified in Section 2 hereinabove, and the amount received from the insurer for that same matter, provided that the amount of indemnity that the Company is charged with in accordance with this Letter of Undertaking will not exceed the Maximum Amount of Indemnity.

4. Handling claims

In any event in which an office holder might be entitled for indemnity as specified hereinabove, the office holder and the Company will act as follows:

- 4.1. The office holder will notify the Company in writing about any proceeding or investigation conducted against him, to the best of his knowledge, in connection with an event in respect of which indemnity might be provided in accordance with this Letter of Indemnity, any concern or warning to institute an investigation

or proceeding as said, and circumstances that were brought to his attention and that may result, to the best of his knowledge, in conducting an investigation or a proceeding as said against him (hereinafter: the Proceeding), as shortly as possible after he found out about it for the first time, and he will deliver to the Company or anyone designated by the Company without delay a copy of any document provided to him in connection with that Proceeding.

- 4.2. The office holder will collaborate fully with the Company and whoever is designated by the Company, including with the insurer of the office holders insurance policy, and will provide any information required in connection with the Proceeding and will uphold the remaining provisions set forth in the policy in connection with the Proceeding. The office holder will act, to the extent that this depends on him, to receive indemnity and/or insurance which he is entitled to receive from another entity.
- 4.3. The Company will be entitled to assume upon itself the legal defense of the office holder against the Proceeding and request an attorney whose identity will be determined by the Company at its discretion this handle the defense from the Proceeding and while taking into account the Company's debts in accordance with the office holders insurance policy and the possibility of appointing an attorney on behalf of the insurer (hereinafter: the Company's Attorney).
- 4.4. Despite the said in Sub-Section 4.3 hereinabove the office holder will be entitled to oppose to his representation by the Company's Attorney for reasonable grounds or under circumstances that to the opinion of the office holder or the Company's Attorney give rise to a conflict of interests between his defense and the Company's.
- 4.5. If within fourteen days following receipt of notice as specified in sub-Section 4.1 hereinabove the Company (or the insurer) did not assume upon itself handling the legal defense of the office holder against the Proceeding or if the office holder and/or the Company's Attorney opposed to his representation by the Company's Attorney under the circumstances specified in sub-Section 4.4 hereinabove, the office holder will be entitled to assign his legal defense to an attorney of his own

choice (hereinafter: the Other Attorney), provided that the amount of legal fees paid to the Other Attorney is subject to the approval of the Company's Audit Committee that will examine this amount. It is agreed that the amount of legal fees agreed by the Company's Attorney will be considered as reasonable basis for examination of the legal fees of the Other Attorney. The office holder will be granted with the possibility to appear and state his claims to the Audit Committee, and the Audit Committee will provide reasons for its decision. The office holder will be entitled to appeal its decision before the Board of Directors and the office holder will be granted with the possibility to appear before the Board of Directors and raise his claims. If the entire amount of requested fees was not approved, and the office holder decided not to forgo the legal services of the Other Attorney, the office holder will be entitled, if he wishes, to receive from the Company the amount of reasonable legal fees approved to him and the remaining amount will be paid at the expense of the office holder.

- 4.6. Despite the said in sub-Sections 4.4 and 4.5 hereinabove, if the office holders insurance policy applies to the event, the Company will conduct itself in accordance with the provisions set forth in the policy in anything related to differences of opinion with the insurer concerning the identity of the representing attorney in accordance with the provisions set forth in the policy, if designating the Other Attorney with handling of the claim under the circumstances of the matter will enable the insurer to be released from his liability or decrease the same, and the provisions set forth in the policy will prevail over any agreement reached between the office holder and the Company. And yet the Company will make every reasonable effort according to the possibilities that are at its disposal to honor the decision of the office holder.
- 4.7. If the Company decided to assume upon itself handling the defense against the Proceeding and the office holder did not oppose to this action according to the circumstances specified in sub-Section 4.4 hereinabove, the office holder will sign, at the Company's request, on a letter of authorization that will authorize the Company, as well as the Company's Attorney, to handle in his name the defense against the Proceeding and represent him in anything related to this defense, and

the Company and the Company's Attorney will be entitled to handle the said exclusively (yet will provide report on a routine basis to the office holder and consult with him and his legal advisors) and will be entitled to bring the Proceeding to conclusion as they see fit, subject to the said in sub-Section 4.15 hereunder.

- 4.8. The office holder will collaborate with the Company and the Company's Attorney in any reasonable manner requested by any of them in the course of handling the Proceeding, including signature on applications, affidavits, and any other document.
- 4.9. If the Company decided to assume upon itself the legal defense against the Proceeding and the office holder did not oppose to its decision under the circumstances specified in sub-Section 4.4 hereinabove, the Company will bear all the expenses and payments related thereof in a manner that the office holder will not be required to pay for the same himself, and the Company will not owe to the office holder, in accordance with this Letter of Undertaking, any amount for legal expenses including attorney fees, expended by the office holder for the purpose of providing defense against the Proceeding.
- 4.10. Following the request of the office holder, the Company will pay him an amount (or amounts) as an advance required for him as reasonable expenses incurred by the office holder, including legal fees and in respect of which the office holder is entitled for indemnity in accordance with this Letter of Undertaking.
- 4.11. If the Company paid the office holder any amount by virtue of the undertaking for indemnity, whether as an advance or in any other way, and later it transpired that the office holder had to return the same, in whole or in part, owing to the fact that he was not entitled for indemnity in accordance with the provisions set forth in Section 263 to the Companies Law or any other provision set forth by law, the amount returned will bear linkage differentials to the index and interest in the rates that were acceptable in Bank Hapoalim Ltd offer loans linked to the Index, from the date the amount was paid and until the date of its return.

- 4.12. If the Company paid the office holder any amount by virtue of its undertaking for indemnity and then the charge in respect of which the amount was paid was canceled or that its amount was reduced for any reason, the office holder will assign the Company his rights to return the amount from the plaintiff in the Proceeding and will do whatever it takes so that this assignment is valid and the Company will be able to realize it, and once he acted in this manner he will be exempt from returning the amount whose right for return he assigned. If the office holder fails to do so he will be obligated to return the amount, or part thereof, as the case may be, in addition to linkage differentials and interest in the rates and for the period according to which he is entitled for return of the amount from the Plaintiff.
- 4.13. If the Company's Attorney represented the Company and the office holder in a Proceeding, and then it transpired that the office holder was not entitled for indemnity due to the provisions set forth in Section 263 to the Companies Law or any other provision set forth by law, and a dispute arose as to the obligation of the office holder to return trial expenses or the amounts thereof, the dispute will be decided by an arbitrator whose identity will be agreed by the Parties. The Company will incur the arbitration expenses including attorney fees unless the arbitrator decides in his award that the office holder used arbitration proceedings in bad faith. The arbitrator will be appointed in accordance with the procedure specified in Section 4.14.
- 4.14. The office holder will not agree to a compromise or transfer of the Proceeding to arbitration unless the Company granted its advance and written consent, and if the insurer's consent is required then the consent of the insurer of the office holder policy was also granted. The Company will not agree to a compromise unless the compromise does not expose the Company and/or office holders to additional claims on behalf of the plaintiff or plaintiffs and that the consent will not constitute an admission or acknowledgement of liability of office holders for the causes subject matter to the Proceeding. The Company will notify the office holders the details of the compromise. In the event that a dispute arises between the Company and office holder or office holders concerning the question whether

the compromise complies with the provisions set forth in this Section, the dispute will be brought to speedy judgment before an arbitrator appointed at the Company's or the office holder's request. The arbitrator will be appointed following the consent of the Parties within 7 days from the date one of the Parties demanded to resolve the dispute in arbitration and if the Parties failed to agree as to the identity of the arbitrator, the identity of the arbitrator (who will be a retired judge of the District Court or a retired judge of the High Court of Justice) will be decided by the chairman of Israel Bar Association. The Company will incur arbitration expenses including attorney fees.

- 4.15. The Company as well as the Company's Attorney will not agree to make a compromise whose amount exceeds the amount of indemnity that the office holders is entitled to receive, except for the advance written consent of the office holder, and in the event that the insurer's consent is also required - then following the advance approval of the insurer.

5. Effect of undertaking

- 5.1. The undertaking of indemnity will be in effect both in relation to proceedings taken against the office holder in the course of his work and in relation to the proceedings conducted against him after termination of his employment or term in office, provided that they relate to actions performed by him from the date of his appointment as an office holder during or by virtue of his position as an office holder (in the Company or another corporation (as specified hereinabove) or as a result thereof. The undertaking for indemnity will also apply to the successors of the office holder and other substitutes thereof by law.
- 5.2. The Company will not be required to pay amounts of money, in accordance with this Letter of Indemnity, paid to the office holder in actuality or for him or instead of him in any manner, including in the framework of an insurance policy purchased by the Company or an insurance purchased by Another Corporation-(if office holder serves therein as an office holder at the Company's request) or any undertaking for indemnity of another corporation or anyone else except for the Company.

If and to the extent that the Company paid amounts of money as specified in this Section hereinabove, the office holder will assign the Company, at the Company's request, his rights to receive amounts from the other corporation and/or in accordance with the insurance policy of the other corporation and will authorize the Company to collect such amounts in his name to the extent that that such authorization is required for the purpose of upholding the provisions set forth in this Section. In addition, and without derogating from the generality of the aforesaid, it is clarified that in the event that after payment of money to the office holder by the Company for an indemnifiable event in accordance with this Letter of Undertaking, the office holder will receive payment from any source (excluding the Company) for the aforesaid event, the office holder will return to the Company any amount paid to him that is beyond the amount specified in Section 3.3. hereinabove.

- 5.3. This Letter of Undertaking does not derogate from the Company's undertakings in accordance with letters of undertaking granted to office holders before the coming into force of the present Letter of Indemnity, to the extent that such undertakings as said are in effect by law, provided that that the Company will not be obligated to indemnify office holders twice for the same event.
- 5.4. This Letter of Indemnity does not cancel or derogate or waive any other indemnity to which the office holder is entitled from any other source in accordance with the provisions set forth by any law or any other undertaking subject to the end of Section 5.3 hereinabove.
- 5.5. This Letter of Undertaking does not limit the Company or preclude it from granting indemnity to the office holder or additional and extraordinary indemnity provided that this will not derogate from or impair the undertaking for indemnity subject matter of this Letter of Indemnity.
- 5.6. This Letter of Indemnity does not limit the Company or preclude from it to increase the Maximum Amount of Indemnity for events subject matter of the indemnity, both for the reason that the insurance amounts in accordance with the office holders insurance policy will be decreased, whether because the Company

will not be able to obtain office holders insurance policy that will provide cover to the events subject matter of the indemnity under reasonable conditions and whether for any other reason, provided that that the decision as said is made in the manners prescribed by the Companies Law.

- 5.7. The Company's undertakings in accordance with this Letter of Undertaking will be construed broadly and in a manner aimed at their upholding, to the extent permissible by law, and for their purpose. In the event of discrepancy between any provision in writing in this Letter of Undertaking and the provisions set forth by law that cannot be stipulated, modified or added thereon, the aforesaid provision of the law will prevail, yet this will not impair or derogate from the effect of the other provisions set forth in this Letter of Undertaking.
- 5.8. To dispel any doubt it is hereby prescribed that this Letter of Undertaking does not constitute and third party contract and cannot be assigned.

Addition

Types of Events

The following are the types of events that to the opinion of the Company's Board of Directors are foreseen in light of the Company's actual activities, as of the date of granting this Letter of Undertaking:

1. Issue or offer of securities by the Company and/or Another Corporation and/or its shareholders to the public or not to the public in Israel and abroad, including, yet without derogating from the generality of the aforesaid, offer of securities to the public based upon prospectus, private offer, securities offer in any other manner, tender offer or self purchase of securities by the Company and/or Another Corporation and/or shareholders thereof.
2. A transaction (including an extraordinary transaction) and an action (including a substantive action), within their meaning in Section 1 to the Companies Law, of the Company and/or Another Corporation, including performance of payment, receipt of credit, transfer, sale, or purchase of assets or liabilities including securities, or granting or receipt of right in any thereof (including acquisition or merger offer), actions related to tenders and/or concessions, as well as any other action that is related directly or indirectly to the aforesaid transaction or action as said, whether consummated or not (including, yet without derogating from the generality of the aforesaid, negotiations, due diligence, representations, documents, granting undertakings and meeting and voting in the Company's organs in connection with the aforesaid transaction or action).
3. Actions in the framework of legal proceedings of the Company or against it, including (without derogating from the generality of the aforesaid) any legal or administrative proceeding whether in Israel or abroad, in matters related, directly or indirectly, to the Company's activities, and without derogating from the generality of the aforesaid concerning anything related to restrictive trade practices (including restrictive arrangements, mergers and monopoly) and/or the environment or the provisions set forth in any law, procedures or standard applicable in Israel or abroad in connection with environmental issues and that pertain, inter alia, to pollution, protection of health, production processes, distribution, use, handling, storage and transportation of certain materials, including for bodily injuries, damage to property and environmental damage.

4. Events that are directly or indirectly related to an action and/or omission by the Company and/or Another Corporation and/or the office holder in the framework of his position in the Company or Another Corporation as said, that constitutes disobedience and/or breach of law including (without derogating from the generality of the aforesaid) of statutory provisions (including subsidiary legislation) such as the Restrictive Trade Practices Law, Prohibition of Money Laundering Law, Consumer Protection Law, Prevention of Air Pollution Law, and disobedience and/or breach by the Company and/or the office holder of any instructions and/or direction and/or permit and/or letter of agreement and/or judgment and/or order granted by a governmental or regulatory authority and/or any other entity whether in Israel or abroad.
5. Events related to payment or demand for payment that apply to the Company by virtue of the law.
6. Events related to issuance or obtaining permits, licenses and certificates in Israel or abroad, including permits in connection with the Company's holdings in investees (including permits granted to the Company as condition for its holdings in investees), and upholding of their conditions, including provision of information in connection with licenses, permits and certificates as said and events related to updating or change any of their conditions.
7. An event deriving from public offering of the Company's securities and/or Another Corporation and/or trade of the Company's securities in Israel or abroad.
8. Actions in connection with report or notice submitted by the Company and/or Another Corporation by any law, including in accordance with the Companies Law or the Securities Law, including regulations enacted thereof, or in accordance with laws and regulations dealing with similar matters outside Israel, or in accordance with rules or instructions practiced by the stock exchange in Israel or abroad or in accordance with tax laws, including avoidance from submitting a report or a notice as said, and/or defect of disclosure included therein or the time of their submission and/or breach of instructions of these laws (and without derogating from the generality of the aforesaid also in relation to the personal declarations of the office holder pertaining to the Company and reports thereof required by law).

9. Information, representations, opinions, financial statements, reports or notices in connection with the activities of the Company and/or Another Corporation in relation to any third party and/or governmental and/or regulatory authority and/or another entity in Israel and abroad (including avoidance from submission of report or notice as said, and/or defect in disclosure included therein or at the time of their submission).
10. Events or actions related to the Company's investments in any corporations (whether existed before, during or after performance of the investment), including control and monitoring actions made in the name of the Company in Another Corporation (including as an office holder or holder of voting right in Another Corporation).
11. Change in the Company's structure or reorganization thereof or any resolution related thereto including, yet without derogating from the generality of the aforesaid, split, merger, change in the Company's capital, or subsidiaries or related companies thereof, liquidation or sale thereof, allotment or division.
12. Statements, including statement of position or opinion made in good faith by an office holder during and by virtue of his office, and including in the framework of the meetings held by the Company's organs and/or Another Corporation (including General Meetings of the Board of Directors or committees thereof).
13. Actions or decisions in connection with business relations and/or employer relations and/or provision of services to any third party maintaining relations with the Company and/or Another Corporation including suppliers, clients, service providers, business partners, workers and advisors.
14. Actions or decisions in connection with employment relations and terms of office and employment of the employees of the Company and/or Another Corporation, including negotiations, agreements and execution of employment agreements, benefits to employees and options, and claims related to labor relations.
15. Actions related to finance and funding, including execution of financial investments, financial protection, agreements with financial institutions, loaners or creditors and any other action pertaining to the Company's financial statements and approval thereof and the Company's internal audit mechanism; and actions related to risk management (including credit risk, currency, insurance, legal and operational risks) and insurance cover.

16. Any action that conflicts with the provisions set forth in the Articles and/or Memorandum of the Company and/or Another Corporation.
17. Actions conducted against the Company's shareholders, including in connection with distribution (within its meaning in the Companies Law) to the Company's shareholders.
18. Any action in relation to the activities of the Company and/or Another Corporation and/or by the office holder in the framework of his office in the Company or in Another Corporation as said, that caused bodily injury (including death or illness) and/or physical damage to property (including loss of use thereof).
19. Transfer of information to interested parties in the Company.
20. Any of the types of events specified hereinabove in connection with the office of the office holder in Another Corporation.

Any event enumerated in this Addition concerning commission of a certain action will be construed as relating also to the non-performance or avoidance from performance of that action and a decision and/or absence thereof in connection with that action.

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Appendix B - Voting Paper

Israel Corporation Ltd.

Voting Paper

Pursuant to the Companies Regulations (Voting in Writing and Position Notices), 5766-2005 (hereinafter: the "Voting Regulations")

Part One

1. **Company name:**

Israel Corporation Ltd. (hereinafter: "**the Company**").

2. **Type of meeting, date and place of convening:**

A special general meeting of the shareholders of the Company to be held at the Company's offices on Thursday, October 9, 2018 at 10:00 at 23 Arania Street, Millennium Tower, Tel Aviv, (hereinafter: "**the Meeting**").

3. **Details of the subject on the agenda that can be voted on using a voting paper:**

The extension of the validity of the letters of indemnity to officers of the Company (Including, for the avoidance of doubt, during additional terms in office that are renewed at annual meetings and in accordance with the provisions of Section 275(A1) of the Companies Law, 5759-1999 (hereinafter: "**the Companies Law**")), where the controlling shareholders of the Company could be deemed to have a personal interest in the approval of the extension of the validity thereof. For further details on this subject, see Section 2 to the general meeting summon that this voting paper is attached to (hereinafter: "**the GM Summon**")

The wording of the proposed resolution: To approve the extension of the validity of the letters of indemnity to officers of the Company, where the controlling shareholders of the Company could be deemed to have a personal interest in the approval of the extension of the validity thereof, in the form attached as Appendix A to the GM Summon which includes a limited exemption provision, all in accordance with the details of the GM Summon.

4. **Consideration of the wording of the proposed resolution:**

The Company shall make available to a shareholder, upon his request, and subject to any law, a copy of any document in relation with the proposed resolution, including documents presented to the Audit Committee, the Compensation Committee and the Board of Directors of the Company in the framework of the discussions and the resolution on the matter on the agenda, at the Company's offices, at 23 Arania Street, Millennium Tower, Tel Aviv, with prior coordination, Sunday through Thursday, between 09:00 and 16:00, by appointment at tel. 036844500, and on the websites of the Israel Securities Authority and the Tel-Aviv Stock Exchange Ltd. the address of which is indicated in section 11 below.

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5. The majority required to pass the resolution at the meeting:

The majority that is required at the Meeting to approve the resolution proposed in Section 3 above is a majority of the shareholders who are present at the Meeting, in person or by proxy, provided that one of the following conditions is satisfied: (1) the count of the votes of the majority at the general meeting will include a majority of all the votes of the shareholders who do not have a personal interest in the approval of the proposed resolution, who are participating in the vote; the count of all the votes of the said shareholders will not take into account the votes of the abstaining shareholders; (2) the total of the votes against, from among the shareholders as stated in paragraph (1) above, will not exceed a rate of two percent (2%) of the total voting rights at the Company.

A shareholder who has a personal interest will be subject to the provisions of Section 276 of the Companies Law, *mutatis mutandis*.

6. Declaring the affiliation of a shareholder:

In the second part of the voting paper, a place is allocated to mark the existence or absence of an affiliation, as required by the provisions of the Companies Law, and to describe the nature of the relevant affiliation. **If such shareholder does not sign or does not describe the nature of the affiliation, his vote shall not be counted in a quorum.**

7. Validity of Voting paper

7.1. The voting paper will be valid only if a "certificate of ownership" (power of attorney from the registering company proving its ownership of the share; hereinafter: "**certificate of ownership**") of the unregistered shareholder (i.e. a person for whom shares are registered with a stock exchange member and those shares are included among the shares registered in the registry; hereinafter: "**Unregistered Shareholder**") is attached to it, or if a certificate of ownership is sent to the Company through the electronic voting system as defined below, or photocopy of an identity card, passport or certificate of incorporation, if the shareholder is registered in the Company's books.

Alternatively, an Unregistered Shareholder is permitted to transfer to the Company a certificate of ownership through the electronic voting system until the locking time of the electronic voting system (i.e. up to six (6) hours prior to the convening of the general meeting).

7.2. The last date for the delivery of the voting papers is up to four (4) hours prior to the date of the general meeting. For this purpose, the date of delivery is the date on which the voting paper and the documents to be attached there to reached the offices of the Company at the address listed in section 9 below.

8. Voting through the electronic voting system:

An unregistered shareholder may vote by means of a voting paper to be delivered to the Company through the electronic voting system (as defined below), all in accordance with and subject to the conditions set forth in the Voting Regulations.

After the effective date (as this term is defined), upon receipt of an identification number and an access code from the stock exchange member and after a process of identification, an

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unregistered shareholder may vote in the electronic system operating under Article C of Chapter 2 of the Securities Law, 1968 (above and hereinafter: "**the electronic voting system**" and "**the Securities Law**", respectively.) The address of the electronic voting system, within its meaning in section 44K2 of the Securities Law, is <https://votes.isa.gov.il>.

In accordance with and subject to the conditions set out in the Voting Regulations and the provisions of the Securities Authority regarding this matter, voting through the electronic voting system will be possible up to six (6) hours prior to the date of convening the meeting or at an earlier date to be determined by the Securities Authority, provided that it does not exceed 12 hours before the date of convening the meeting (hereinafter: "**the date of locking the system**"). It should be clarified that voting through the electronic voting system may be altered or cancelled until the system is locked and may not be changed through the system after that date.

If a shareholder votes in more than one way, as aforesaid, his later vote shall be counted, while a vote of a shareholder himself or by proxy at the meeting shall be deemed to be later than voting by means of a voting paper or through the electronic voting system.

9. Address of the Company for the delivery of voting papers and position notices:

At the Company's offices at 23 Arania Street, Millennium Tower, Tel-Aviv.

10. The last date for delivery of position papers, the last date for the response of the board of directors to the position papers and the effective date for determining the entitlement of the shareholders to participate in and vote at the meeting:

10.1. The final date for delivery of position notices is up to ten (10) days prior to the date of the meeting, and the last date for submitting the Board of Directors' response to a position notice is up to five (5) days prior to the date of the meeting.

10.2. The effective date for determining the entitlement of a shareholder in the Company to vote at the general meeting, as mentioned in section 182(c) of the Companies Law and section 3 of the Voting Regulations, is at the end of the trading day on the stock exchange on Thursday, 30 August 2018, and if there is no trading on the effective date, then on the last trading day prior to that date (the "**effective date**").

11. The distribution website and the website of the stock exchange that contain voting papers and position notices:

11.1. The distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il>.

11.2. The stock exchange website address: <https://maya.tase.co.il>.

12. Additional notes as required by the Voting Regulations:

12.1. An Unregistered Shareholder is entitled to receive the confirmation of ownership, as defined in Section 71 of the Companies Law and as stated in section 7.1 above, at the branch of the stock exchange member or by mail, if he so requests, for a payment of

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delivery fees only. A request for this purpose shall be given in advance to a particular securities account. In addition, an unregistered shareholder may order that his certificate of ownership be transferred to the Company through the electronic voting system.

- 12.2. An unregistered shareholder is entitled to receive, by e-mail, free of charge, a link to the text of the voting paper and position statements (if any) on the distribution site from the member of the stock exchange through which he holds his shares, unless he notified the member of the stock exchange that he is not interested in receiving such a link, or that he is interested in paid delivery of voting papers by mail. The notice of an unregistered shareholder regarding the voting papers shall also apply to the receipt of position notices (if any).

In addition, any shareholder is entitled to approach the Company directly and to receive from it, without consideration, the voting paper, or if he consents, a link to the voting paper on the distribution website, as well as the position notices received by the Company, if any.

- 12.3. One or more shareholders holding shares at a rate constituting five percent (5%) or more of the total voting rights in the Company, and whoever holds such percentage out of the total voting rights not held by the controlling shareholder of the Company, as defined in Section 268 of the Companies Law, is entitled, in person or by representative on his behalf, after the convening of the meeting, to review the voting papers and the voting registrations through the electronic voting system received by the Company as specified in Regulation 10 of the Voting Regulations.

12.3.1. As of this date, the number of shares constituting 5% of the total voting rights in the Company is 381,307 ordinary Company shares of NIS 1 par value each.

12.3.2. As of this date, the number of shares constituting 5% of the total voting rights in the Company that are not held by the Company's controlling shareholder, as defined in section 268 of the Companies Law, is: 182,952 ordinary Company shares of NIS 1 par value each.

- 12.4. After the publication date of this voting paper, there may be changes in the meeting agenda that is the subject of this voting (including adding a subject to the agenda), and position notices in the subjects of this voting may be published. It will be possible to review the updated agenda of the meeting as aforesaid, and the position notices, if any, in the Company's reports on the distribution site.

- 12.5. A revised voting paper, to the extent required due to changes in the resolutions on the agenda, will be published by the Company on the distribution site concurrently with the publication of the changes in such resolutions, no later than the dates specified in Regulation 5B of the Companies Regulations (Notification and Notice of General Meeting and Class Meeting in a Public Company) 5760-2000.

- 12.6. A shareholder shall indicate the manner of voting, on the subject on the agenda for which it is possible to vote by means of this voting paper, in the second part of this voting paper.

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13. Cancellation of a voting paper:

A shareholder may, up to twenty four (24) hours before the date of convening the general meeting, apply for the delivery of voting papers, as stated in section 9 above, and after proving his identity to the satisfaction of the Company secretary, or another employee appointed to the matter, to withdraw his voting paper and confirmation of ownership.

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Appendix B – Voting Paper

Israel Corporation Ltd.

Voting Paper

Pursuant to the Companies Regulations (Voting in Writing and Position Notices), 5766-2005 (hereinafter: the "Voting Regulations")

Part Two

Part A:

1. **Company name:** Israel Corporation Ltd. (hereinafter: "the Company").
2. **Company address (for sending and delivering the voting papers):** 23 Arania Street, Millennium Tower, Tel-Aviv.
3. **Company number:** 52-002801-0.
4. **Date of meeting:** Thursday, October 4, 2018, at 10:00, and at any adjourned meeting.
5. **Type of meeting:** Special general meeting.
6. **The effective date:** The end of the trading day on the stock exchange on Thursday, 30 August 2018, and if there is no trading on the effective date, then on the last trading day prior to that date.

Part B (To be filled by the shareholders):

1. Details of shareholder
 - 1.1. Name of shareholder: _____.
 - 1.2. I.D. No.: _____.
 - 1.3. Passport No. (If the shareholder does not have an Israeli I.D.): _____.
 - 1.4. The state of issue of the passport (If the shareholder does not have an Israeli I.D.): _____.
 - 1.5. Passport is valid until (If the shareholder does not have an Israeli I.D.): _____.
 - 1.6. Corporation No. (If the shareholder is a corporation): _____.
 - 1.7. State of incorporation (If the shareholder is a corporation): _____.

This is an English convenience translation of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original

Appendix B – Voting Paper

2. Manner of voting

Subject on the agenda	Manner of voting ¹			Are you a controlling shareholder in the Company /do you have personal interest in the passing of the resolution ²		Are you a senior officer in the Company ²		Are you an institutional investor ²	
	For	Against	Abstain	No	Yes*	No	Yes*	No	Yes*
To approve the extension of the validity of the letters of indemnity to officers of the Company, where the controlling shareholders of the Company could be deemed to have a personal interest in the approval of the extension of the validity thereof, in the form attached as Appendix A to the GM Summon which includes a limited exemption provision, all in accordance with the details of the GM Summon.									

Senior officer - as defined in Section 37 (d) of the Securities Law.

Institutional investor - as defined in Regulation 1 of the Supervision of Financial Services Regulations (Provident Funds) (Participation of a Managing Company in a General Meeting), 2009; as well as the manager of a joint investment trust fund as defined in the Joint Investment Trust Law, 5754-1994.

***Please specify the relevant affiliation, as the case may be:**

¹The failure to mark shall be tantamount to abstaining from voting on that subject.

²A shareholder who does not fill this column or who signs "yes" and does not elaborate, his vote shall not be counted.

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3. Comments in accordance with the Voting Regulations:

- A. For shareholders who hold shares through a stock exchange member and (pursuant to Section 177 (1) of the Companies Law) this voting paper is valid only with a confirmation of ownership except in cases in which voting is through the electronic voting system.

- B. For shareholders who are registered in the Company's shareholders register - the voting paper is valid together with a photocopy of the I.D. card / passport / certificate of incorporation.

Signature of the shareholder