



Israel Corp. Ltd

Israel Corp. Ltd
Millennium Tower 23 Aranha Street P.O. Box 20456 Tel Aviv 61204 Israel
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Attorney Maya Alcheh-Kaplan
In-house Legal Advisor and Company Secretary

October 3, 2011

To
Israel Securities Authority
By Magna

To
Tel Aviv Stock Exchange Ltd
By Magna

Dear Sir/Madam,

Re: **Immediate report concerning convening of extraordinary annual general meeting of shareholders of Israel Corp. Ltd in accordance with the Securities Regulations (Immediate and Periodic Reports) 5730-1970 and the Securities Regulations (Transaction between a Company and Controlling Shareholder Therein) 5761-2001)**

Pursuant to the Securities Regulations (Transaction between a Company and Controlling Shareholder Therein) 5761-2001) and the Securities Regulations (Immediate and Periodic Reports) 5730-1970, and the provisions set forth in the Companies Law 5759-1999 (hereinafter: the Companies Law) and regulations enacted thereof, Israel Corp. Ltd (hereinafter: the Company) hereby notifies that an extraordinary annual general meeting of the Company's shareholders will be convened on Tuesday, November 8 2011 at 11:00, in the Company's offices in 23 Aranha Street, Millennium Tower, Tel Aviv (hereinafter: the Meeting).

1. **Items on the Agenda of the Meeting:**

1.1. **Review of the periodic report to the year 2010:** discussion of the Company's audited financial statements and the Board of Directors report concerning the status of the Company's affairs as of the year ending on December 31 2010.

1.2. **Appointment of auditor:** reappointment of the Company's auditors and authorization to the Company's Board of Directors to determine their remuneration.

Wording of proposed resolution (hereinafter: Resolution 1): "To appoint accountants from (KPMG) Somekh Chaikin as the Company's auditors to the year 2011, when the Board of Directors shall be entitled to determine their remuneration in accordance with the Company's Articles."

1.3. **Appointment of directors:** appointment of directors serving in the Company for an additional term in office as directors in the Company, except for external directors who will continue to serve in office until expiry of their statutory term in office. Voting concerning each candidate to serve as director shall be carried out separately.

Concerning the details required in accordance with Regulation 36b(a)(10) to the Securities Regulations (Immediate and Periodic Reports) 5730-1970 about members of the Board of Directors that are candidates for another term in office, see details about the aforesaid directors included in the framework of Regulation 26 in the fourth part of the Company's periodic report to the year 2010 (Additional Information about the Corporation) dated 30.3.2011 (Reference: 2011-01-098868) presented herein by way of reference. The following is an update of the aforesaid details concerning the aforesaid directors as follows:

Director	Update
Mr. Idan Ofer	Does not serve as director in O.P.C. ROTEM LTD
Mr. Amnon Lion	Retired from office on 31.3.2011, CEO and director in Zodiac

	<p>Maritime Agencies Limited. No longer serves as director in Ofer Technologies Ltd, Yuldán (Shipping) Ltd, in Albany Bunkers Supply Limited, and in Keshet Eilon Foundation.</p>
Mr. Eitan Raff	<p>No longer serves as member in the Company's Audit Committee.</p> <p>No longer serves as director in Kika Israel.</p> <p>Additional corporations where he serves as director: Tamares Telecom Ltd, ITS, EPIC (Switzerland real estate)</p>
Mr. Ze'ev Nahari	<p>Retired from office in Bank Leumi Le-Israel Ltd and is on leave on behalf of Bank Leumi Le-Israel Ltd. Retired from office in chairman of the Board of Directors of Leumi Realistic Holdings Ltd., as chairman of the Board of Directors of Lucasinvest S.A. Holding and director in Leumi International Investments N.V.</p>
Mrs. Zehavit Cohen	<p>Address for service of process: 4 Berkowitz Street, Museum Tower, floor 22, Tel Aviv 64238.</p> <p>Up to October 2011 chairman of TNUVA CENTRAL COOP. FOR THE MKTG. OF AGR PROD IN ISRAEL LTD; up to October 2011 chairman of Psagot Investments House, chairman of Psagot Securities Ltd and Psagot Trust Ltd. She is not a director in companies holding (directly or indirectly) Psagot Investment House Ltd.</p> <p>Other corporations in which she serves as director: Apex Partners Israel Ltd; Apex Leumi Partners Ltd; F.Sab.R Holdings Ltd; Azorim Development and Building Investment Company.</p>
Mr. Ron Moskovitz	<p>No longer serves as director in Tower Semiconductor Ltd.</p> <p>Started serving as director in Pacific Drilling SA.</p>

A copy of the signed declarations of the candidates for office as directors in the Company, in accordance with the provisions set forth in Section 224b to the Companies Law are attached as **Appendix A** to this Report.

It is clarified that the directors whose term in office is proposed for extension shall continue to be entitled to all the benefits provided by the Company to serving directors by virtue of the resolutions passed by the General Meeting and the authorized organs of the Company, including annual remuneration and participation remuneration as specified in the Company's reports from the dates 30.3.2008 (ref.: 2008-01-088128); 15.4.2008 (ref.: 2008-01-110715); 14.5.2008 (ref.: 2008-01-133377); 20.8.2009 (ref.: 2009-01-188154); 22.7.2010 (ref.: 2010-01-563250); 2.11.2010 (ref.: 2010-01-667515); and 21.11.2010 (ref.: 2010-01-686541) for indemnification and release as specified in the Company's reports dated 22.3.2001 and this Report (including outcome of the general meeting convened in accordance with this Report), and insurance cover as specified in the Company's reports from the dates 2.8.2007 (ref.: 2007-01-345580); 11.9.2007 (ref.: 2007-01-391321); 25.9.2008 (ref.: 2008-01-270852); 24.3.2010 (ref.: 2010-01-428760); 30.8.2010 (ref.: 2010-01-605556) and 25.8.2011 (ref.: 2011-01-251919) (hereinafter jointly: Acceptable Terms of Office). Without derogating from the foregoing, Chairman of the Board of Directors, Mr. Amir Elstein, shall be entitled to remuneration in accordance with the terms of his employment contract (as specified in the Company's reports dated 31.8.2010 (ref.: 2010-01-606444) and 16.9.2011 (ref.: 2010-01-623115), and Mr. Ofer's entitlement for directors remuneration specified hereinabove shall be brought for approval in accordance with Regulation 1b(3) to the Companies Regulations (Reliefs for Transactions with Interested Parties) 5760-2000, as specified in a separate report published by the Company on this matter.

Wording of the proposed resolution (hereinafter: Resolution 2): "To appoint for an additional term in office as directors in the Company, the following directors serving in office (who will continue to be entitled to receive the Acceptable Terms of Office as specified hereinabove and in accordance with Section 1.3 to the Report): (a) Amir Elstein; (b) Idan Ofer; (c) Amnon Lion; (d) Ze'ev Nahari; (e) Ron Moskovitz; (f) Zehavit Cohen; (g) Yoav Doppelt; (h) Aviad Kaufman; (i) Eitan Raff."

- 1.4. **Approval of amendment of the Company's Articles**: approval of amendment of instructions in the Company's Articles dealing with insurance and indemnity of directors and office holders in the Company, among other things, in light of amendments performed in the provisions set forth by the Companies Law concerning indemnity and insurance of office holders and in light of the coming into force of the law concerning the Efficiency of Enforcement Procedures in the Securities Authority Act (Legislation Amendments), 5771-2011 (hereinafter: Administrative Enforcement Law) that also constituted amendment to the Securities Law 5728-1968 (hereinafter: the Securities Law), as specified in **Appendix B** to this Report.

For the sake of convenience, the proposed wording of Sections 137-141 to the Company's Articles only is provided, in which the amendments brought to the approval of the Meeting were made (with highlight of changes in comparison to the present Articles). The full version of the Articles (whose remaining provisions were not modified) is available for public review in the Magna website of the Israel Securities Authority: www.magna.isa.gov.il and the website of the Tel Aviv Stock Exchange: <http://maya.tase.co.il>.

Wording of the proposed resolution (hereinafter: Resolution 3): "To amend the provisions set forth in Sections 137-141 to the Company's articles so that their wording shall be the wording attached as Appendix B of this Report."

- 1.5. **Approval of updated letter of indemnity to office holders**: approval of updated letter of indemnity to office holders in the Company, granted to office holders in the Company serving in the Company at present and from time to time¹, in accordance with the policy practiced by the Company to grant to each office holder who bears individual liability letters of exemption and undertakings in an identical format that allow office holders in the Company, including the Company's directors, to fulfill their position duly and to the Company's best interest (the updated letter of indemnity shall apply, subject to any law, also in

¹ Including, to dispel any doubt, in additional terms in office that are renewed in annual meetings and in accordance with the provisions set forth in Section 275(a1) to the Companies Law.

relation to actions performed before its granting, in addition to and without derogating from the effect of the Company's undertakings in accordance with existing letters of indemnity, provided that the Company shall not be obligated to indemnify office holders twice for the same event and that the maximal amount of indemnity shall not exceed the maximal amount of indemnity prescribed in the updated letters of indemnity). Update of letter of indemnity is proposed, inter alia, following amendments that were made in the provisions set forth in the Companies Law and the Securities Law concerning indemnity and insurance of office holders, and in light of the coming into force of the Administrative Enforcement Law. For further details concerning this Resolution see Section 2 hereunder.

Wording of proposed resolution (hereinafter: Resolution 4): "In continuation to the resolution passed by the Company's general meeting dated 21.3.2001 concerning approval of granting of letters of indemnity to office holders in the Company, and as part of Acceptable Terms of Office, to approve an updated letter of indemnity that will be granted to office holders in the Company (including office holders considered as controlling shareholders and/or relatives thereof and/or office holders that the controlling shareholder in the Company might be considered as having personal interest in granting of letters of indemnity to them), serving in the Company today and from time to time, and that shall apply, subject to any law, also in relation to actions performed before granting of the same (in addition to and without derogating from the validity of the existing letters of indemnity to office holders in the Company and the Company's undertakings in accordance with existing letters of indemnity, provided that the Company shall not be obligated to indemnify office holders twice for the same event and that the maximal amount of indemnity shall not exceed the maximal amount of indemnity prescribed in the updated letter of indemnity), in accordance with the format of the updated letter of indemnity attached as Appendix C to this Report.

2. Additional details concerning Resolution 4 - granting of updated letter of indemnity

- 2.1. On the date 21.3.2001 the Company's General Meeting approved (following approval of the Audit Committee and the Board of Directors) in the required majority in accordance with Section 275 to the Companies Law, granting of letters of release and undertaking for indemnity of office holders in the Company (including office holders who are controlling shareholders), as specified in the immediate report dated 22.3.2001 (hereinabove and hereinafter: Letter of Indemnity). By virtue of the approval of the General Meeting of Company as specified hereinabove, and as part of the Acceptable Terms of Office, the Company granted, from time to time, the Letter of Indemnity to office holders who served and/or serve in the Company (including office holders who are controlling shareholders).
- 2.2. In light of amendments made to the provisions set forth in the Companies Law and the Securities Law concerning indemnity and insurance of office holders and in light of the coming into force of the Administrative Enforcement Law that expands the extent of exposure of office holders in the Company by virtue of their position in the Company and allows the Company to indemnify and insure office holders therein in connection with certain events that are related to enforcement as said, the Company wishes to grant office holders therein about an updated Letter of Indemnity (that will also include adjustments to the aforesaid statutory modifications specified hereinabove and, for the sake of propriety, an update of the addition including a list of types of events that to the opinion of the Company's Board of Directors are foreseen in light of the Company's activities), and that will apply, subject to any law, also in relation to activities performed before its granting (without derogating from the validity of the Company's undertakings in accordance with existing letters of indemnity, subject to and in accordance with the foregoing²), and as specified in the updated Letter of

² It should be noted that in its meeting dated 20 September 2011 the Company's Audit Committee decided, for the sake of caution, to limit the effect of the existing letters of indemnity granted to office holders in the Company in which the controlling shareholder might be considered as having personal interest in their granting (except for the

Indemnity attached as **Appendix C** to this Report (for the sake of convenience, updates in the Letter of Indemnity in substance in comparison to the wording of the Letter of Indemnity specified in Section 2.1 hereinabove are highlighted) (hereinabove and hereinafter: the Updated Letter of Indemnity).

3. Personal interest and nature of the personal interest of controlling shareholders in granting of the Updated Letter of Indemnity

- 3.1. The controlling shareholder that is considered as having personal interest in granting of the Updated Letter of Indemnity as specified in Resolution 4 specified in Section 1.5 hereinabove, is Millennium Investments Elad Ltd (hereinafter: Millennium). Millennium holds approximately 46.94% of the Company's share capital. Millennium is held by Mashat (Investments) Ltd (hereinafter: Mashat) and Ofer Investments Group Ltd (hereinafter: Ofer Investments Group), in holding rates of 80% and 20% respectively. Mashat is a private company held indirectly through foreign corporations by discretionary trust in which Mr. Idan Ofer is a principal beneficiary.
- 3.2. Ofer Investments Group, holding directly 1.24% of the Company's share capital, is a shareholder in Millennium as specified hereinabove, and therefore, in light of the provisions set forth in Section 268 to the Companies Law, might be considered as having personal interest in the resolution to approve granting of the Updated Letter of Indemnity as specified in Resolution 4 in Section 1.5

letter of indemnity granted to Mr. Idan Ofer), for a period of seven years from the date of the decision of the Audit Committee (including, to dispel any doubt, by additional terms in office renewed in annual meetings), and this is after having found out that such a period is appropriate and reasonable under the circumstances of the matter at hand. This is while taking into account that the Company aspires to encourage the term in office of office holders in the Company and due to the importance of the existence of letters of indemnity to the functioning of office holders. In addition, it was decided to limit the effect of the letters of indemnity granted as of the date of the decision of the Audit Committee to office holders in the Company when the controlling shareholder in the Company might be considered as having personal interest in their granting, as specified hereinabove, for a period of seven years from the date of their granting (including, to dispel any doubt, in additional terms in office renewed in annual meetings). It is clarified that the decisions of the Audit Committee as said do not derogate from the validity of the letters of indemnity the Company granted to office holders therein (including for actions performed or that will be performed prior to the expiry of the limited period), and from the continuation of the effect of the letters of indemnity granted by the Company whose effect does not mandate the approval of the Audit Committee as said, provided that the Company shall not be obligated to indemnify office holders twice for the occurrence of the same event.

hereinabove. Ofer Investments Group Ltd is a private company held fully by Ofer Holdings Group Ltd (hereinafter: Ofer Holdings) which is a private company whose ordinary shares are held equally by Orona Investments Ltd (that is controlled indirectly by Mr. Ehud Angel) and Linav Holdings Ltd, controlled by a discretionary trust in which Mr. Idan Ofer is a principal beneficiary. Mr. Ehud Angel has a special share granting him, among other things, and under certain limitations and in certain circumstances, another vote in the Board of Directors of Ofer Holdings.

- 3.3. In addition, KIRBY ENTERPRISES Inc., that is held indirectly by the discretionary trust holding Mashat in which, as said, Mr. Idan Ofer is a principal beneficiary, holds 0.74% of the Company's share capital. In addition, Mr. Idan Ofer holds directly 2.46% of the Company's share capital.
- 3.4. Millennium and Ofer Investments Group might be considered as having personal interest for the purpose of resolutions concerning approval of granting the Updated Letter of Indemnity as specified in Resolution 4 in Section 1.5 hereinabove only, due to the fact that among the directors that serve in the Company and who will be entitled to receive the Letters of Indemnity as said, subject to the approval of the general meeting, is Mr. Idan Ofer. In addition, since Resolution 4 in Section 1.5 hereinabove includes, among other things, granting of Updated Letter of Indemnity to office holders when the controlling shareholder in the Company might be considered as having personal interest in their granting, Millennium and Ofer Investments Group shall be considered as entities that might have personal interest in the approval of the aforesaid Resolution. The interest of Mr. Ofer and KIRBY ENTERPRISES INC also stems from this matter, as they hold directly the Company's shares as specified hereinabove.
- 3.5. As of the date of the Meeting, and without derogating from the wording of Resolution 4 as specified hereinabove, the directors serving in the Company and who shall be considered, at present, for the purpose of granting the Updated Letter of Indemnity, as anyone in whom the controlling shareholder might have personal interest concerning the granting of the Letter of Indemnity, and this for

the sake of caution and way and beyond necessary, are the honorable gentlemen Amnon Lion, Ron Moskovitz, Aviad Kaufman and Yoav Doppelt that serve as office holders in companies (directly or indirectly) related to the controlling shareholder in the Company.

- 3.6. The Company chose, for the purpose of approval of the aforesaid Resolution 4 as specified in Section 1.5 hereinabove only, to classify Bank Leumi Le-Israel Ltd, that holds, as of today, 17.7% of the Company's share capital, as an entity that might have personal interest in the approval of the aforesaid Resolution 4, for the sake of caution and way beyond necessary.

4. Names of directors that have personal interest in granting the Updated Letter of Indemnity

- 4.1. All directors in the Company have personal interest in the approval of granting the Updated Letter of Indemnity as specified in Resolution 4 in Section 1.5 hereinabove, due to the fact that they are office holders in the Company and beneficiaries in accordance with the provisions set forth in the Updated Letter of Indemnity.
- 4.2. In light of the personal interest of all the directors of the Company in the approval of granting the Updated Letter of Indemnity as specified in Resolution 4 in Section 1.5 hereinabove, and while taking into account the provisions set forth in Section 278(b) to the Companies Law, all members of the Audit Committee and/or the Company's Board of Directors were entitled to attend the meeting and take part in the vote in the meetings of the Company's Audit Committee and/or Board of Directors (as the case may be), in which the aforesaid agreement was approved (subject to the approval of the general meeting summoned in accordance with this Report), as specified in Section 7 to this Report.

5. Transactions of the kind of the transaction or similar transactions

For further details concerning the terms of office that office holders and directors in the Company are entitled to receive, as of the date of this Report, by virtue of the Resolutions passed by the General Meeting and the Company's authorized organs, including annual

remuneration and participation remuneration, indemnification and insurance cover, see details concerning the Acceptable Terms of Office specified in Section 1.3 in this Report and the said in Section 2 to this Report.

6. The manner in which the terms of the Updated Letter of Indemnity were set

The terms contained in the Updated Letter of Indemnity were set after meetings held by the Company's Audit Committee and Board of Directors in their meetings as specified in Section 7 to this Report. In the Updated Letter of Indemnity the maximal amount of indemnification the Company might owe was set by virtue of the Updated Letter of Indemnity, in the amount of 400 million U.S. dollars, constituting as of the date 30.6.2011 approximately 16.4% of the Company's equity³ after this amount of indemnity was found to be reasonable while taking into account the Company's activities, the scope of its business and its complexity. The reasons provided by the Company's Audit Committee and Board of Directors concerning granting of the Updated Letter of Indemnity and terms and conditions thereof are specified in Section 8 to this Report.

7. Required approvals for the purpose of passing resolutions in the Agenda of the Meeting

7.1. In its meeting dated 20 September 2011, the Company's Audit Committee decided to approve, unanimously, and subject to the approval of the Company's Board of Directors and General Meeting, Resolution 4 specified in Section 1.5 hereinabove to this Report concerning granting of the Updated Letter of Indemnity.

In accordance with the said in Section 4 in this Report, and while taking into account the provisions set forth in Section 278(b) to the Companies Law, the following honorable gentlemen attended the meeting of the Company's Audit Committee dated 20 September 2011: Gideon Langholtz (external director), Ofer Termechi (external director), and Amnon Lion.

³ To complete the picture it should be noted that in the Letters of Indemnity the maximal amount of indemnification amounts to 25% of the Company's equity in accordance with the latest financial statements published before instituting the legal proceeding in respect of indemnification is granted in accordance with the letter of undertaking.

7.2. In its meeting dated 21 September 2011, the Company's Board of Directors decided to approve unanimously, and subject to the approval of the Company's general meeting, Resolution 4 in Section 1.5 hereinabove in this Report concerning the granting of the Updated Letter of Indemnity.

In accordance with the said in Section 4 in this Report, and while taking into account the provisions set forth in Section 278(b) to the Companies Law, the following honorable gentlemen attended the meeting of the Company's Board of Directors dated 21 September 2011: Amir Elstein, Idan Ofer, Ron Moskovitz, Yoav Doppelt, Aviad Kaufman, Eitan Raff, Ofer Termechi (external director), and Prof. Gideon Langholtz.

7.3. The Company's agreements specified hereinabove require the approval of the Company's general meeting that is convened in accordance with this Report and as specified in Section 9 hereunder.

8. Summary of the reasons provided by the Audit Committee and the Board of Directors for the approval of granting the Updated Letter of Indemnity

The Company's Audit Committee and Board of Directors approved, in their meetings convened on September 20 and September 21 2011 (respectively), subject to the approval of the General Meeting, granting of the Updated Letter of Indemnity to office holders in the Company as specified in Resolution 4 as specified in Section 1.5 in this Report based upon the following considerations, among other things:

8.1. Updating the Letter of Indemnity to office holders in the Company is performed in light of amendments that were made in the provisions set forth in the Companies Law and the Securities Law concerning indemnification and insurance of office holders as of the date in which the format of the existing Letter of Indemnity of office holders in the Company was approved, taking into consideration the coming into force of the internal enforcement law that expands the scope of exposure of office holders in the Company by virtue of their position

in the Company (as specified hereunder), and due to additional updates that were made throughout time.

- 8.2. The Administrative Enforcement Law allows the Israel Securities Authority, among other things, to enforce the Securities Law through an administrative proceeding (in addition to existing powers of enforcement), and in that framework to impose different sanctions on the persons or entities in breach, including individual fines. Taking into account the statutory changes that expand the extent of exposure of office holders in the Company by virtue of their position in the Company, and also allow the Company to indemnify and insure office holders therein in connection with certain events that are related to enforcement proceedings as said, members of the Company's Audit Committee and Board of Directors were of the opinion that it would be appropriate to update the provisions set forth in the Company's articles concerning indemnification and insurance of office holders and the provisions set forth in the letters of indemnity, in accordance with the indemnity and insurance permitted by law, so that they will include, among other things, an undertaking for advance indemnity for financial liability imposed on office holders concerning payment to parties that were injured by the breach of administrative proceeding as well as expenses made by an office holder in connection with an administrative proceeding that was conducted in his matter including reasonable litigation fees and attorney fees.
- 8.3. Members of the Audit Committee and the Board of Directors saw fit, for the sake of propriety, to update the list of types of events that, to the opinion to the Company's Board of Directors, are foreseen in light of the Company's activities, in light of the development of the Company's business activities, among other things, and the development in legislation and regulation applicable to the Company and activities thereof.
- 8.4. Granting of the Updated Letter of Indemnity is for the benefit of the Company since it enables office holders in the Company, including directors thereof, to fulfill their duties to the Company's best interest, while taking into account the risks that are involved in the Company's activities and the individual liability

imposed by law on office holders in the Company and directors in particular due to their actions as office holders in the Company.

- 8.5. Granting undertaking for indemnity in connection with certain events to office holders is a common means of protection granted by a public company to office holders including directors acting on its behalf, and it is common in numerous companies in Israel, including in companies whose scope of activity is similar to the Company's.
- 8.6. Granting the Updated Letter of Indemnity to office holders, including controlling shareholders thereof, in connection with certain events that are related to their position as office holders in the Company, limited to a maximal amount, is reasonable and appropriate under the present circumstances while taking into account the personal liability that is imposed on office holders in the Company and while taking into account the scope and types of activities of the Company.
- 8.7. In continuation to the procedures of granting letters of indemnity to office holders in the Company by the Company's General Meeting in its Resolution dated 21.3.2001 and the policy practiced by the Company to grant all office holders therein letters of exemption and undertaking in an identical format, and this, inter alia, while taking into account that each of the office holders and directors serving in the Company bears personal liability by virtue of his office in the Company and in addition each director, by virtue of his competence, is obligated by virtue of the provisions set forth by law to exercise independent judgment in anything related to voting in the Board of Directors, members of the Audit Committee and Board of Directors saw fit to approve granting of the Updated Letter of Indemnity in identical format and terms and conditions to all office holders in the Company.

In light of the foregoing members of the Company's Audit Committee and Board of Directors were of the opinion that granting of the Updated Letter of Indemnity to office holders is reasonable and appropriate and serves the Company's interest.

9. Notice concerning convening of general meeting

A notice is hereby provided that an extraordinary general meeting of the Company's shareholders will be convened on Tuesday, November 8 2011 at 11:00, in the Company's offices, in 23 Aranha Street, Millennium Tower, Tel Aviv, when approval of the resolutions specified hereinabove are on the agenda of the general meeting (hereinabove and hereinafter: the Meeting).

10. Required majority for the purpose of passing resolutions in the Meeting

- 10.1. As to Resolutions 1 and 2 (Appointment of auditor, and appointment of directors in the Company): the required majority to pass the aforesaid Resolutions is an ordinary majority of shareholders entitled to take part in the vote and attending the Meeting themselves or through a proxy.
- 10.2. As to Resolution 3 (amendment of provisions in the Company's Articles): in accordance with the provisions set forth in Section 262(b) to the Companies Law, the required majority for the purpose of passing the aforesaid Resolution is an ordinary majority of shareholders attending the Meeting, by themselves or through proxy, and who are entitled to attend the vote, provided that one of the following is fulfilled: (a) in the count of votes in the general meeting the majority of the votes of shareholders who do not have personal interest in the approval of the transaction and who attend the vote will be included; (b) the total amount of opposing votes out of the shareholders specified in sub-paragraph (a) will not exceed two percent out of the entire voting rights in the Company.
- 10.3. As to Resolution 4 (granting of Updated Letter of Indemnity to office holders in the Company, including office holders considered as controlling shareholders and/or relatives thereof and/or office holders in respect of whom the controlling shareholder in the Company might be considered as having personal interest in granting of the Updated Letter of Indemnity to them): in accordance with Section 275(a) to the Companies Law, the required majority for the purpose of passing the aforesaid Resolution is an ordinary majority of shareholders attending the

meeting themselves or through proxy, who are entitled to take part in the voting provided that one of the following is fulfilled: (a) in a count of majority votes, the majority votes will include a majority of the shareholders votes that do not have personal interest in the approval of the transaction, and present at the Meeting; in the count of the entire votes of the aforesaid shareholders abstentions shall not be taken into account; (b) the total of opposition votes amongst the shareholders specified in sub-paragraph (a) shall not be greater than two percent of all the voting rights in the Company.

11. Determining Date

The determining date for the purpose of establishing entitlement of a shareholder to vote in the Meeting as specified in Section 182 to the Companies Law, is the end of the trade day in the stock exchange person Sunday, October 9 2011, and if no trade is performed in the determining date, then in the first day of trade before.

12. Proof of ownership of share

In accordance with the Companies Regulations (Proof of Share Ownership for the Purpose of Voting at a General Meeting) 5760-2000, a shareholder in whose favor a share is registered with a member of the Tel Aviv Stock Exchange and that share is included among the shares of the Company registered in the shareholders register in the name of a registration company and is interested in voting in the general meeting, shall furnish the Company an approval from the stock exchange member in which his entitlement for voting is registered, concerning his ownership of the share on the determining date, in accordance with Form 1 in the addition to the aforesaid Regulations.

13. Quorum

According to the Company's Articles, the quorum required for the purpose of convening the Meeting shall constitute five shareholders (by themselves or by proxy) that hold at least 25 percent of the voting rights. If no quorum attends the general meeting after thirty minutes from the time set for the beginning of the Meeting, the Meeting will be adjourned by a week for the same date, time and place, without having to notify shareholders about the same, and if there is no quorum to the adjourned meeting after

thirty minutes following the time set for the meeting, present shareholders in the meeting shall constitute a quorum.

14. Voting by proxy

A shareholder entitled to attend and vote in the Meeting, may vote on his own or through proxy in accordance with the provisions set forth in the Company's Articles. A shareholder wishing to vote through proxy as specified hereinabove, shall deposit the power of attorney in the Company's registered office at least 48 hours before the time set for a meeting or the adjourned meeting.

15. Voting with a voting paper

Pursuant to the Companies Regulations (Voting Paper and Position Papers) 5765-2005, a shareholder entitled to attend and vote in the meeting, is entitled to vote on Resolution 3 and 4, specified in Sections 1.4 and 1.5 in this Report, through a voting paper. For the purpose of this matter, the voting of a shareholder who voted using a voting paper shall be considered as if he was present and took part in the Meeting. Voting by a voting paper in relation to a shareholder interested to vote through a voting paper instead of his own attendance in the Meeting and/or through proxy, shall be done by using the second part of the voting paper attached as **Appendix D** to this Report.

The voting paper and documentation attached thereof as specified in the voting paper, should be furnished to the Company's offices up to 72 hours before the time the Meeting is convened. For the purpose of this matter, the time of furnishing is the time in which the voting paper and the documents attached thereto arrived to the Company's offices. The last date to furnish position papers is up to 10 days following the determining date. A member of the stock exchange will send through email, at no cost, a link to the format of the voting paper and voting papers in the distribution website, to each shareholder who is not registered in the shareholders register and whose shares are registered with the stock exchange member, unless the shareholder notified the member of the stock exchange that he is not interested to receive a link as said or that he notified that he was

interested in receiving voting papers through mail in return for payment of delivery fees only.

16. An instruction provided by the Israel Securities Authority

In accordance with Regulation 10 to the Securities Regulations (Transaction between a Company and Controlling Shareholder Therein) 5761-2001, the Israel Securities Authority is entitled to instruct the Company, within 21 days from the date of submitting this Report, to furnish within a period it deems reasonable, any explanation, details, information and documents related to the proposal or agreement, as the case may be, subject matter of the Report, and instruct the Company to modify the Report in the manner and at the time it deems fit; in such event the Authority is entitled to instruct the adjournment of the General Meeting to a date that will be no earlier than three business days and no later than 21 days from the date of publication of the amended report.

17. The Company's representatives for the purpose of handling the immediate report

Attorneys Zvi Efrat and/or Nurit Traurik and/or Uri Heller from Gornitzky & Co, whose address is 45 Rothschild Blvd. Tel Aviv, 65784; Phone: 03-710-9191; Fax: 03-560-6555

18. Review of documents

The Company's shareholders may review the transaction report and the version of the proposed resolutions in the Company's offices from Sunday-Thursday between 09:00-16:00 following scheduling in advance on the phone: 03-6844500.

Sincerely,

Israel Corp. Ltd

Names of signatories on the transaction report and positions thereof:

Nir Gilad - Company CEO

Avishar Paz - Deputy CFO

Annex B

Proposed amendment for the regulations of the Israel Corporation Ltd. ("the Israel Corporation") of the Exemption Indemnification and Insurance chapter

Exemption Indemnification and Insurance

136. Subject to the terms of the Companies Law, the Company may exempt an officer in the Company, from his liability, all or in part, for damage due to the breach of his duty of care towards it.
137. Subject to the terms of the Companies Law, the Company may enter into a contract for insuring the liability of an officer in the Company, for liability imposed on him following an action he took by virtue of his being an officer in the Company, for any of the following:
- 137.1 Breach of his duty of care towards the Company, or towards another person;
 - 137.2 Breach of his fiduciary duty towards the Company, provided the officer acted in good faith and had reasonable grounds to believe that the action will not harm the Company's interest;
 - 137.3 Financial liability imposed on him in favor of another person;
 - 137.4 Financial liability imposed on an officer, including a senior officer as defined in the Securities Law – 1968 (hereinafter: "the Securities Law"), for payment to an injured party due to a breach, as stated in section 52nd(a)(1)(a) to the Securities Law and/or expenses incurred by the officer (including a senior officer as defined in the Securities Law) in respect of an administrative procedure in his matter, including reasonable litigation costs, and including lawyer fees.
 - 137.5 Any other event for which it is permissible or it will be permissible to insure an officer's liability.

"Administrative procedure" – a procedure under chapters H'3 (the imposition of a financial sanction by the Israel Securities Authority), H'4 (the imposition of administrative means of enforcement by the Administrative Enforcement Committee) or

It (settlement for avoiding proceedings or discontinuing proceedings, subject to conditions) of the Securities Law, as may be amended from time to time.

138. Subject to the terms of the Companies Law –

138.1 ~~The Company may provide a guarantee in advance to indemnify an officer in the Company for liability or expense as detailed in regulation 139 below, that may be imposed on him following an action he took by virtue of his being an officer in the Company, provided the guarantee will be limited to the types of events the Board of Directors feels can be predicted, at the time the guarantee for indemnification is given, and to a sum the Board of Directors has determined to be reasonable under the circumstances (hereinafter: "**the Guarantee for Indemnification**")~~. The Company may provide a guarantee in advance to indemnify an officer in the Company (hereinafter: "**the Guarantee for Indemnification**") for liability or expense as detailed in regulation 139.1 below, provided the Guarantee for Indemnification will be limited to events the Board of Directors views as being expected in view of the Company's actual activity at the time the Guarantee for Indemnification is given, and to a sum or a standard the Board of Directors has determined to be reasonable under the circumstances, and provided that the Guarantee for Indemnification shall detail the events the Board of Directors views as being expected in view of the Company's actual activity at the time the Guarantee for Indemnification is given, and to a sum or a standard the Board of Directors has determined to be reasonable under the circumstances, as well as for liability or expense as detailed in regulations 139.2 to 139.5 below.

In the Guarantee for Indemnification, the indemnification guarantees issued by the Company to its officers will determine a limit of maximum indemnification the Company may pay to any officer, in aggregate (that will be in addition to the sums received from the insurance company, if received, as part of the insurance the Company has purchased).

138.2 Without derogating from the terms of regulation 138.1 above, the Company may indemnify an officer in the Company in retrospect, for liability or expense as detailed in regulation 139 below, imposed on him following an action he took by virtue of his being an officer in the Company.

139. A Guarantee for Indemnification or indemnification, as stated in regulation 138 above, may be given for liability or expense as detailed in sub-regulations 139.1 to 139.3 ~~5~~ below, imposed on him following an action he took by virtue of his being an officer in the Company, as follows:

139.1 Financial liability imposed on him in favor of another person pursuant to a verdict, including a verdict issued in a settlement or an arbitration ruling ratified by court;

139.2 Reasonable litigation costs, including lawyer fees, incurred by the officer or imposed on him by the court, in a procedure initiated against him by the Company or in her name or by another person, or in a criminal indictment from which he was acquitted, or in a criminal indictment in which he was convicted of an offense that does not require proof of criminal intent.

139.3 Reasonable litigation costs, including lawyer fees, incurred by the officer due to an investigation or proceeding initiated against him by an authority, authorized to conduct an investigation or procedure, and that has ended without an indictment and without any financial liability being imposed on him as an alternative to a criminal procedure (as defined in the Companies Law), or that has ended without an indictment but with the imposition of financial liability as an alternative to a criminal procedure that does not require proof of criminal intent, or in connection with a financial sanction.

In this regulation, "The conclusion of a procedure without an indictment in a matter on which a criminal investigation has been initiated" and "Financial liability as an alternative to a criminal procedure" – as defined according to their meaning in section 260(a)(1a) of the Companies Law.

139.4 Financial liability imposed on an officer (including a senior officer as defined in the Securities Law) for payment to an injured party due to a breach, as stated in section 52nd(a)(1)(a) to the Securities Law and/or expenses incurred by the officer (including a senior officer as defined in the Securities Law) in respect of an administrative procedure in his matter, including reasonable litigation costs, and including lawyer fees.

- 139.5 Any other liability or expense for which it is permissible or it will be permissible to indemnify an officer.
140. Subject to the terms of the Companies Law –
- 140.1 The Company may undertake towards ~~a person, including~~ an officer in the Company, serving or that has served in the past on behalf of the Company or at the Company's request as an officer ~~director~~ in another corporation ~~company~~ in which the Company has shares, directly or indirectly and/or an associated corporation with the Company (hereinafter: "**Officer in Another Corporation Director in Another Company**"), to indemnify him for a liability or expense as detailed in regulation 139 above, that may be imposed on him following an action he took by virtue of his being an officer ~~director~~ in the other corporation ~~company~~, subject to the terms of regulation 138.1 above ~~and provided the undertaking will be limited to the types of events the Board of Directors feels can be predicted, at the time the guarantee for indemnification is given, and to a sum the Board of Directors has determined to be reasonable under the circumstances.~~
- 140.2 Without derogating from the terms of regulation 140.1 above, the Company may indemnify an officer in the Company, serving or that has served in the past on behalf of the Company or at the Company's request as an officer ~~director~~ in another corporation ~~company~~ in retrospect, for liability or expense as detailed in regulation 139 above, imposed on him following an action he took by virtue of his being an officer ~~director~~ in another corporation ~~company~~.
141. Nothing in these Regulations will limit the Company in any way, regarding its entering into an insurance contract, or in respect of the provision of an exemption or indemnification:
- 141.1 In respect of one who is not an officer in the Company ~~or a director in the other company~~, including but without derogating from the generality of the above, employees, contractors or advisors.
- 141.2 In respect of an officer in the Company ~~or a director in the other company~~, as far as the insurance, exemption or indemnification are not prohibited under any law.

Appendix C

Introduction

On the date 21.3.2001 the Company's General Meeting approved (following the approval of the Audit Committee and the Board of Directors) in the required majority in accordance with the provisions set forth in Section 275 to the Companies Law, the granting of letters of exemption and undertaking for indemnification for office holders in the Company (including office holders who are controlling shareholders), as specified in immediate report dated 22.3.2001 (hereinafter: Letter of Indemnity). By virtue of the approval of the Company's General Meeting as specified hereinabove, and as part of the acceptable terms of office, the Company granted, from time to time, the Letter of Indemnity to office holders who served and/or serve in the Company (including office holders who are controlling shareholders).

In light of amendments that were made in the provisions set forth in the Companies Law and the Securities Law concerning indemnification and insurance of office holders and in light of the coming into force of the administrative efficient law, expanding the extent of exposure of office holders in the Company by virtue of their position in the Company and also enables the Company to indemnify and insure office holders therein in connection with certain events related to enforcement as said, the Company will grant to office holders therein an updated Letter of Indemnity (including adjustments to the aforesaid amendments in legislation and, for the sake of propriety, an update of the type of events that, to the opinion of the Company's Board of Directors, are expected in light of the Company's activities), that will come into force subject to any law, also in relation to actions that were committed before its granting (without derogating from the validity of the Company's undertakings in accordance with existing letters of indemnity provided that the Company will not be obligated to indemnify office holders twice for the same event, and that the maximal amount of indemnification will not exceed the maximal amount of indemnification set in the updated letter of indemnity (for the sake of convenience, updates in the letter of indemnity in substance in comparison to the version of the existing letter of indemnity are highlighted) (hereinafter: Updated Letter of Indemnity).

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
<u>Securities Law</u>	<u>Securities Law 5728-1968</u>
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 (<u>including substitute director</u>), including office holder in the Company serving as an office holder in a corporation held by controlled 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.
The Determining Date	The date of approval of this Letter of Indemnity by the extraordinary General Meeting of the Company's shareholders.
"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 the approval and by virtue of the resolution of the Company's Board of Directors dated 1.3.2001, [and 21.9.2011](#), 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](#), 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.

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 ~~or expense~~ 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. ~~And for~~ 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 the present Letter of Indemnity, for one or more of the types of events specified in the Addition, will not exceed an amount in NIS that is equal to 400,000,000 (four hundred million) U.S. dollars. 25% (twenty five percent) of the Company's equity in accordance with its latest financial statements published before the initiation of the legal proceeding in respect of

~~which indemnity is granted in accordance with this Letter of Undertaking. The maximal amount of indemnity will be linked to the index as of the last known index published before the determining date until the last index published before the date of making the payment~~ (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 ~~indemnity 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 ~~legal~~ 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, and any concern or ~~threat or warning to institute an investigation or~~ that a ~~legal~~ proceeding as said ~~will be submitted against him~~, and circumstances that were brought to his attention and that may result, to the best of his knowledge, in conducting an investigation or a ~~legal~~ 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 claim and will uphold the remaining provisions set forth in the policy in connection with ~~defense from the claim~~, 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 there 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 ~~company controlled by the Company or a related corporation of the Company~~ (if

office holder serves therein as an office holder at the Company's request) or any undertaking for indemnity ~~of a company controlled by the Company or another related~~ 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 ~~indemnity~~ does not derogate from the Company's undertakings in accordance with letters of undertaking ~~indemnity~~ 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 ~~both in accordance with a previous letter of indemnity and this Letter of Undertaking.~~
- 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.