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

Israel Corporation Ltd.

Registrar Number: 520028010

Form 121

Securities of the Corporation are listed in the Tel Aviv Stock Exchange

Public

Short name: Israel Corporation

Address: P.O.B. 20456, Tel Aviv 61204

Tel: 03-6844517, 6844500, Fax: 03-6844587

Email: MAYAAK@ISRAELCORP.COM

Date of Transmission: June 26, 2016

Reference: 2016-01-066547

To:	To:
The Securities Authority	The Tel Aviv Stock Exchange
www.isa.gov.il	www.tase.co.il

Immediate Report

The Event: Rejection of motion to approve derivative action

See the attached report.

The date when the event first became known to the corporation: June 26, 2016 Time: 14:00

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alcheh-Kaplan
Position: Vice President, General Counsel and Company Secretary
Date of signing: June 26, 2016

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ISRAEL CORPORATION

May 5, 2016

TO:
THE SECURITIES AUTHORITY
Through the MAGNA system

TO:
THE TEL AVIV STOCK EXCHANGE LTD.
Through the MAGNA system

Dear Sir/Madam,

Re: **Rejection of motion to approve derivative action**

Further to the Company's report dated August 7, 2014 (reference No.: 2014-01-128847) and to note 6 of the Company's financial statement for March 31, 2016 dated May 19, 2016 (reference No: 2016-01-29754) in regards with a motion to approve filling of a derivative action against the Company and others in connection with the Company's engagement in Zim Shipping Services Ltd ("Zim") debt settlement and the condition of the transferability of ZIM's shares under the state's special share in Zim, the company hereby reports that on June 26, 2016 The Tel Aviv District Court (financial department) has rejected the said motion to approve filling of a derivative action. The verdict states, *inter alia*, that despite a harm to the corporate governance rules found by the court in the work of the special committee to examine the debt settlement in Zim and the Court's finding that the condition precedent concerning the Zim shares transferability was not fulfilled, there is no reason for the Company to file an action against its officers, which acted for its benefit, and that there is no link to the damage claimed by the applicant. In addition, the Court has charged the Company with the applicant's expenses in an amount of NIS 250 thousand, after resolving that the claim was worth filling, despite the resolution to reject it.

Sincerely
Israel Corporation Ltd.

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alcheh-Kaplan

Position: Vice President, General Counsel and Company Secretary

Date of signing: June 26, 2016