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Israel Corporation Ltd.

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

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Adv. Maya Alcheh Kaplan

General Counsel (In house) and Company Secretary

November 14, 2011

TO:

THE SECURITIES AUTHORITY

THE TEL AVIV STOCK EXCHANGE LTD.

THROUGH THE MAGNA SYSTEM

THROUGH THE MAGNA SYSTEM Dear Sirs,

Immediate Report – Zim – Approval of the Reasonability of the Periods in Charter Agreements with Controlling Shareholders

Israel Corporation Ltd. ("**the Company**"), wishes to report that in accordance with the provisions of section 275(a1)(2) of the Companies Law, 5759 – 1999 ("**the Companies Law**"), the transition provision set forth in section 49(g) of the Amendment No. 16 of the Companies Law and the Legal Staff Position No. 101-15: Amendment No. 16 of the Companies Law – Q&A (of its two parts) published by the Israel Securities Authority on 6.7.2011 and 26.10.2011, the Audit Committee of the Company conducted a discussion regarding the reasonability of the duration of the original lease periods set in the framework of existing agreements of ships chartering between Zim Integrated Shipping Ltd., subsidiary of the Company ("**Zim**"), and "Related Parties" of the Company (as that term is defined in the periodic report of Israel Corporation), for periods which exceed 3 years and which were approved as Extraordinary Transactions in which the controlling shareholder has personal interest ("**Existing Charter Transactions**").

The Audit Committee of the Company approved on November 13, 2011, that the lease periods which were set in the Existing Charter Transactions, as determined when Zim entered into these transactions, reasonable in the circumstances in which they were set.

The Audit Committee's said decision was based on the decisions of the authorized organs of Zim and the Company which approved the original engagements of Zim in the Existing Charter Transactions, on the decision of the Audit Committee of Zim dated 30.10.2011 whereby the charter periods in the Existing Charter Transactions as originally set were reasonable, as well as on opinions provided by three foreign brokers' companies operating in the international

shipping market whereby the original charter periods as set in the Existing Charter Transactions (according to the type of the ship and its size, the date of engagement and the date of delivery of the ships) reasonable in the market circumstances at the time they were set.

For details regarding the Existing Charter Transactions, see regulation 22 of chapter D of the periodic report of the Company for 2010, as well as section 9.4.1 of the periodic report of the Company for 2010.

Sincerely yours,

Israel Corporation Ltd.