

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.**

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**ISRAEL CORPORATION**

**Adv. Noga Yatziv**

Company Secretary and Assistant to the President

August 26, 2009

To:

The Securities Authority

via MAGNA

To:

The Tel Aviv Stock Exchange Ltd.

via MAGNA

Dear Sir/Madam,

**Re: Immediate Report**

Israel Corporation Ltd. (the "**Company**") hereby reports that the Audit Committee and the Board of Directors of the Company in their meeting on August 26, 2009, resolved the following resolutions:

1. To continue the steps supporting Zim intergraded Services Ltd. ("**Zim**"), including in achieving an Agreed Restructuring Plan for Zim as detailed in the Immediate Report (Transaction Report) published by the Company on August 2, 2009 in connection with the injection of USD100 million to Zim (the "**Transaction Report**").
2. To approve an immediate injection of USD 60 million to Zim secured with adequate securities that Zim will provide to the Company, an injection which is required and essential for the continuance of Zim's business activity. This sum and the injection in the sum of USD40 million as mentioned in section 1.11 to the Transaction Report (the "**Intermediate Injection Sums**") will constitute an integral part of the aggregate injection sum in the amount of USD350 million that the Company may inject to Zim in the framework of the Agreed Restructuring Plan, when formulated and approved, as detailed in the Transaction Report. Concurrently with the approval of the aggregate injection sum (including the Intermediate Injection Sums) in a Special General Meeting which shall be convened for this purpose, the securities shall be automatically removed. In any other event, the Company shall be entitled to an immediate repayment (with a prior notice) of the Intermediate Injection Sums, which will continue to be secured.

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3. To accept the notification of the corporations related to the controlling shareholders of the Company who are included with the ship owners chartering vessels to Zim, that in case the Restructuring Plan for Zim shall not be approved, they will repay to Zim the amounts received by them from Zim during the period commenced on August 2, 2009 and until the end of September 2009 (namely, they will repay the amounts received indirectly in connection with the Intermediate Injection Sums).
4. To accept the notification of the corporations related to the controlling shareholders of the Company who are included with the ship owners chartering vessels to Zim, as to their consent to reduce the charter fees to Zim for the vessels chartered to it effective immediately. The aggregate reduction amount of charter fees to Zim by the related corporations, as mentioned, during the following years, is a sum of USD150 million as mentioned in section 1.8E to the Transaction Report. Such consent of the said corporations to provide the aggregate reduction amount as aforesaid is subject to the approval of the Agreed Restructuring Plan and its terms, however an amount of up to USD60 million out of the said amount (an ongoing cumulative amount of the reduction rate of charter fees) is not conditioned on the approval of the Agreed Restructuring Plan for Zim.
5. In the adoption of the above resolutions, the Audit Committee and the Board of Directors of the Company considered the Company's best interests only, without any influence of any personal interests whatsoever. In order to enable the provision of the Intermediate Injection Sums, and in order to negate any possible appearance of personal interests, the Company's management agreed, with the approval of the Audit Committee and the Board of the Company, on the above arrangements with the corporations related to the controlling shareholders, all on the basis of an understanding with the Israeli Securities Authority.

Kind regards,

Noga Yatziv