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**Israel Corporation Ltd.**

Registrar Number: 520028010

**Form 121  
Public**

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

Sort name: Israel Corporation

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To:

The Securities Authority

www.isa.gov.il

To:

The Tel Aviv Stock Exchange

www.tase.co.il

**Immediate Report**

The Event: Zim - Agreements with shipyards

On 2007, Zim entered into an agreement with a shipyard (the "Shipyard") to purchase eight 12,600 TEU ships, and in 2008 to purchase another 12,600 TEU ship, while the original date of delivery of all ships was in 2012. Over the years, the delivery date of the ships was postponed until 2015. On March 18, 2013, an agreement was signed between Zim and the Shipyard, whereby the purchase agreements for five out of the nine ships will be canceled immediately, and the Shipyard will give back to Zim an amount of 30 million dollars out of the down payments paid by Zim to the Shipyard, and the balance of approximately 55 million dollars, will constitute cancellation fee. In addition, the agreement provides that the date of delivery of the four other ships will be postponed from 2015 to 2016. It was also agreed that Zim will have the right to request the cancellation of the agreements of all four ships, subject to an agreement with the Shipyard on the terms for cancellation to be reached until 31.01.2014. If the parties reach an agreement on the terms of cancellation, the Shipyard will cancel the agreement, and among other terms to be agreed upon in the future, the Shipyard will give Zim back a sum of 20 million out of the already paid down payments, and the balance that will remain at the Shipyard and will

constitute cancellation fee. If by January 31, 2014 Zim would not ask for the cancellation of the agreements, or if by that date the parties shall not reach an agreement on the terms of cancellation as stated, the Shipyard will have the right to cancel the agreements immediately and forfeit irrevocably and unconditionally to the down payments paid to the Shipyard in accordance with agreements, and maintain these amounts to itself as cancellation fees. In the case of cancellation of the agreements as aforesaid, Zim shall not be obligated to pay additional amounts in excess to the 68 million dollars paid advances on account of the ships.

As a result of this agreement, Zim is expected recognize decrease of value of approximately 133 million dollars (including capitalized costs) in its financial statements.

In addition, during the month of January 2013, Zim agreed with another shipyard (the "Other Shipyard") the entry into force of four agreements to purchase 8,800 TEU ships, agreements which effectiveness was conditional on providing an entry into force notice. In addition, it was agreed that the Other Shipyard will not start building these ships, unless it received a "Construction Notice" from Zim. Zim may provide the above notice until 01.31.2014. The ships delivery date will be in 2015, subject to certain conditions. The effect of the agreements above is a postponement of a payment to the Other sShipyard's on account of the order of 47 million dollars from October 2013 to January 2014.

The date when the event first became known to the corporation: March 18, 2013 time: 21:30

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: March 19, 2013