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Israel Corp. Ltd

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Advocate Maya Alcheh-Kaplan
Vice President
General Counsel and Company Secretary

21.3. 2013

TO:

The Israeli Securities Authority
Through the magna system

The Tel Aviv Stock Exchange Ltd.
Through The Magna System

Dear Sirs,

Immediate Report –Zim Integrated Shipping Services Ltd . ("Zim")

Israel Corporation Ltd. (the "**Company**") is pleased to report, as a precaution, as follows:

1. In light of the ongoing crisis in the shipping business and its negative effects on Zim, during the first quarter of 2013 Zim and subsidiaries of it, have reached agreements with certain banks which are secured creditors of Zim and to whom Zim is committed to financial covenants, regarding a waiver or a change of the financial criteria which Zim committed to, and with some, which are also ships funding banks, to postpone the principal payments from 01.03.2013 to 12.31.2013 to 12.31.2014. The above subsidiaries, include two subsidiaries of Zim ("ship companies") which are held in equal parts, by Zim and by a corporation, directly or indirectly related to the controlling shareholder of the Company ("**Related Corporation**" or "**Related Corporations**").

The Audit Committee and Board of Directors approved ,as a precaution, in their meetings, dated 10.3.2013 and 20.3.2013 (respectively), as a non-extraordinary transaction, the above engagement of Zim in agreements regarding the two ship companies above, following the approval of the Audit Committee and Board of Directors, and having found that the said engagement is in the ordinary course of business and in market conditions similar to those of other banks which Zim approached, and that the agreements serve the interests of Zim and the good of company.

2. Zim approached ship owners that charter ships to Zim¹, with a request to postpone, at various rates, some of the charter fees which is due to be paid to them under the charter agreements during the first

¹ The ship owners which Zim turned to are those that lease to Zim ship that were included in the recovery program reduction settlement from 2009, Some are ship owners that are related

six months of 2013, so the deferred amount shall be paid not later than 12.31.2013 ("Deferred Amount"). The Deferred Amount is to be paid to ship owners which are not considered as a Related Corporations, plus annual interest of 6%, and paid to ship owners that are considered as a Related Corporations with no interest. The total expected Deferred Amount to unrelated parties is approx. 20 million dollars, and the total expected deferred amount to corporations that are related parties is about 13 million dollars. Zim has made defferals since the beginning of 2013 and is in negotiation on signing agreements regarding the above defferals.

The postponement of the above Deferred Amount with respect to the Related Corporations was approved, as a non-extraordinary transaction, the by the Audit Committee and Board of Directors on 03.14.2013 and 03.20.2013 respectively, after receiving the approval of Zim's audit committee and board of directors, and having found that the deferral serves Zim's best interests and cash flow needs and is the Company's benefit.

3. As detailed in the Company's immediate report in accordance with the Companies Regulations (Relief in Transactions with Interested Parties) - 2000 dated 04.30.2009, and after the cancellation of contracts for the construction of six ships at Zim's request, it was agreed that Zim's remaining part of the agreed cancellation fee with the shipyard will be returned to the Related Corporation under certain terms (" Refund "). For further information and expansion, including on other arrangements in connection with Related Corporations, see the above immediate report.

Further to the Zim's audit Committee's and board of directors' approval, the Audit Committee and Board of Directors of the Company approved on 03.14.2013 and 20.03.2013 (respectively), as a non-extraordinary transaction, the postponement of the principal with respect to the amount of Refund which should have been paid to Related Corporations during the year 2013 to 12/31/2014, after they found that the above postponement is for the benefit of Zim and its cash flow.

4. Zim's audit committee and the board of directors approved the extension of the charter period of the ship "Star Car" chartered to Zim by a Related Corporation for twelve to fourteen months, from May 23, 2013, at a cost of 14,000 dollars a day, and this as a non-extraordinary transaction. On 10.03.2013 and 03.20.2013, the Company's Audit Committee and Board of Directors approved, respectively, the extension of the above charter period as a non-extraordinary transaction, after having found that the extension of the charter is in market conditions, in Zim's ordinary course of

corporations, as well as with another ship owner, that at the time of the 2009 recovery program, Zim has yet to received its ships (for the recovery program please see the Company's immediate report dated 25/10/2009)

business and benefit, and that the ship's continued charter is necessary for continuation of the service in which the ship operates.

It should be noted that the engagements set forth in Sections 1-3 in this report are some of the steps Zim takes to deal with a change in the shipping market and which are in accordance with Zim's cash flow needs.

Sincerely yours,
Israel Corporation Ltd.

Signed by:

Nir Gilad, President and CEO of Israel Corp. Ltd;

Avishar Paz, Chief Financial Officer of Israel Corp. Ltd.