

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



**Israel Corp. Ltd**

Israel Corp. Ltd  
Millennium Tower, 23 Aranha Street P.O. Box  
20456 Tel Aviv 61204 Israel  
Tel.: (03) 6844517 Fax: (03) 6844587  
Advocate Maya Alcheh-Kaplan  
Vice President  
General Counsel and Company Secretary

29.08. 2013

TO:

The Israeli Securities Authority  
Through the magna system

The Tel Aviv Stock Exchange Ltd.  
Through The Magna System

Dear Sirs,

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

Further to the Company's immediate report dated 21 March 2013 (reference: 2013-01-013381), Israel Corporation Ltd. (the "**Company**") is pleased to report, as a precaution, as follows:

1. Zim and its subsidiaries, have reached additional agreements with certain financing 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 covenants which Zim committed to, and with some, which are also ships funding banks, also to postpone the principal payments which are due to be paid on 31.12.2014 to 01.07.2015. The above subsidiaries include two subsidiaries of Zim ("ship companies") which are held in equal parts by Zim and by a corporation related to the controlling shareholder of the Company ("**Related Corporation**" or "**Related Corporations**").

The Audit Committee and Board of Directors of the Company approved ,as a precaution, in their meetings, dated 27.08.2013 and 28.08.2013 (respectively), as a non-extraordinary transaction, the engagement of Zim in the said agreements regarding the two ship companies above, following the approval of the Audit Committee and Board of Directors of Zim, 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 reached updated understandings with the majority of ship owners that charter ships to Zim, which include, *inter alia*, the postponement, at various rates, of some of the charter fees which are

due to be paid to them during 2013, so that they will be paid not later than 01.07.2015 ("Deferred Amount"). The Deferred Amount is to be paid, as stated, to ship owners which are not Related Corporations plus annual interest of 6%, and paid to ship owners which are Related Corporations with no interest<sup>1</sup>. The total expected deferred amount for 2013 to unrelated parties is approx. 39 million dollars (This amount includes a deferred amount regarding which Zim has not yet reached understandings, although in practice, deferral is being made) and the total expected deferred amount, as aforesaid, to corporations that may be considered as related parties and to a party related to a close party is approx. 29 million dollars.

The aforesaid postponement of the Deferred Amount with respect to the corporations which may be considered related as abovementioned was approved, as a non-extraordinary transaction, by the Audit Committee and Board of Directors of the Company on 27.08.2013 and 28.08.2013 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.

It should be noted that the engagements aforesaid are some of the steps Zim takes to deal with the changes in the shipping market and are aimed for Zim's cash flow needs, and to allow the formation of the arrangement of Zim with its creditors, including bondholders, to continue its activity.

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: August 29, 2013

---

<sup>1</sup> The ship owners are those that lease to Zim ships that were included in the reduction settlement in the restructuring plan of 2009, including ship owners that are Related Corporations, as well as an additional ship owner, that at the time of the 2009 restructuring plan, Zim had not received the ships he owned (for the restructuring plan please see the Company's immediate report dated 25/10/2009). With respect to one of the ship owners, who in the framework of the 2009 restructuring plan was considered a Related Corporation, it was approved by the Audit Committee and the Board, that as part of the aforesaid updated understandings with such corporation (which is related to a close party), the deferred amount in the sum of approx. \$8.5 million which will be paid to him will be paid with annual interest of 6%, subject to the receipt of all approvals required by law and / or by agreement.