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.discrepancy, the Hebrew original shall prevail.

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 - Shipyards

Further to the Company's immediate report dated March 19, 2013 (Reference No.: 2013-01-0098771), the agreements for the construction of ships regarding the four remaining ships of 12,600 TEU were cancelled. The shipyard is entitled to the full amount of the down payments paid to it in the amount of USD 68 million on account of the ships in accordance with the agreements. Zim will not be obliged to pay the shipyard any additional amounts in excess of the amount of the above mentioned down payments.

As a result of the cancellation of the said agreements, Zim is not expected to acknowledge in its financial statements in any deterioration beyond what was already been acknowledged.

In addition, regarding the four agreements for the purchase of 8,800 TEU ships, Zim did not disclose a "Construction Notice" up to the date set for delivery of such notice, therefore, the agreements are cancelled and the additional shipyard shall be entitled to the full amount of the down payments paid to it, pursuant to the agreements, On account of the ships.

Zim will not be obliged to pay the shipyard any additional amounts in excess of the amount of the above mentioned down payments.

As a result of this agreement, Zim is expected to acknowledge in its financial statements for 2013 deterioration of USD 72 million (including capitalized costs).

The date when the event first became known to the corporation: February 5, 2014

time: 21:00

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: February 6, 2014