

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.**

Registrar Number: 520028010

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

Short name: Israel Corporation

Address: P.O.B. 20456, Tel Aviv 61204

6844500, Fax: 03-684458703-Tel: 03-6844517,

Email: MAYAAK@ISRAELCORP.COM

**Form 121**

**Public**

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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: Motion to Approve the Submission of a Derivative Action

Israel Corporation Ltd. (the "**Company**") hereby reports, that on 06/08/2014, a copy of a motion to approve the submission of a derivative action was received by it (and copy of the action) (the "**Motion**"), filed in the District Court of Tel - Aviv - Jaffa (Economics Department) by a shareholder who claims to hold 19 shares of the Company ("the **Applicant**"), against the Company, ZIM Integrated Shipping Services Ltd. ("**ZIM**"), Gideon Langholz, Oded Degani, Zehavit Cohen and Michael Bricker (who serve as directors of the Company) and against Millennium Investments Elad Ltd. ("**Millennium**") and Mr. Idan Ofer (the "**Respondents**").

The Applicant claims, in brief, that the Company's engagement and execution of a related parties transaction by it as part of the ZIM debt arrangement were made ultra vires contrary to the approval of the Company's general assembly, and even though the condition precedent for the Company's engagement was not met. The Applicant refers in this context to the condition of the transferability of ZIM's shares under Special State Share (see transaction report dated 20.06.2014 and the Company's report dated 7.14.14), which he claimed was not met. Applicant also claims that as a result of this engagement and execution, the Company incurred damages estimated by him as amounting to tens of millions of dollars. In the Motion, the court is asked to

compel the Respondents (excluding the Company and ZIM) to convene a shareholder meeting to decide whether to approve the Company's engagement in ZIM's debt arrangement, or alternatively order the respondents (excluding the Company) to compensate the Company in an amount not less than 27.4 million dollar, as a result of the lower value of ZIM shares that were issued to the Company due to the precondition alleged non-fulfillment.

In addition, the Applicant claims on various grounds against the aforementioned directors, members of the Special Committee of the Board regarding ZIM's debt arrangement, including breach of statutory duty, exceeding authorization, breach of duty of care and duty of fiduciary, and claims that they had and Millennium Mr. Ofer, as controlling shareholders of the Company, to act to convene additional shareholders meeting.

Simultaneously, the Applicant submitted a motion that the parties submit their pleadings within short periods of time and that hearing of the Motion to approve the submission of a derivative action be scheduled shortly.

The Company is studying the Motion and the action.

Date the corporation first learned of the incident: August 6<sup>th</sup> 2014 at: 15:30

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: August 7, 2014