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Israel Corporation Ltd.

Registrar Number: 520028010

Form 121

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

Public

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 - Debt Arrangement

Further to the Company's immediate report dated June 29, 2014, (reference No.: 2014-01-100914) regarding the approval of the participation of the Company in Zim's arrangement, the Company hereby announces that several of the conditions precedent to the transaction have not been fulfilled until July 1, 2014, the date set for the satisfaction of the conditions precedent to the execution of the arrangement, including the removal of the transferability limitations imposed by the State special share in the new ZIM in regards with the shares that the Company is expected to hold in Zim after the execution of the arrangement.

In this context the Company hereby notes that as of July 1 2014, the District Court in Haifa has yet to give its decision regarding Zim's request submitted in accordance with Section 350 of the Companies Law, wherein it was requested, *inter alia*, to update the transferability limitations imposed by the State special share in Zim.

Insofar there are further developments, including a decision by the court in the aforementioned request, the Company shall examine the change in circumstances and the resulting implications in regards with the possibility of its participation in the Zim arrangement.

The date on which the event first became known to the corporation: July 2, 2014

time: 11:10

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: July 2, 2014