

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

**Form 121
Public**

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

Short name: Israel Corporation

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Date of Transmission: July 8, 2014

Reference: 2014-01-109698

To:

The Securities Authority

www.isa.gov.il

To:

The Tel Aviv Stock Exchange

www.tase.co.il

Immediate Report

The Event: Zim - Update of Arrangement

See the Attached report.

The date when the event first became known to the corporation: July 7, 2014

Time: 16:45

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 8, 2014

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Israel Corporation Ltd.

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Attorney Maya Alcheh-Kaplan

Vice President
General Counsel and Company Secretary

ISRAEL CORPORATION

July 8, 2014

TO:
THE SECURITIES AUTHORITY
www.isa.gov.il

THE TEL AVIV STOCK EXCHANGE LTD.
www.tase.co.il

Re: **Updates regarding Zim Arrangement and the State's appeal regarding the State's special share**

Further to the Israel Corporation Ltd. (the "Company") immediate report dated June 29, 2014 in regards with the shareholders' approval of the Company's part in the arrangement between Zim Integrated shipping services Ltd. ("Zim") and between most of its creditors, shareholders representatives and Zim's option holders, as detailed in the revised transaction report dated June 20, 2014 (reference No.: 2014-01-095184) (the "Arrangement"), and further to an immediate report dated July 6, 2014 in regards with the District Court's decision regarding the State's special share in Zim (reference No.: 2014-01-106971), the Company hereby announce the following:

On July 7, 2014 the State filed with the Supreme Court an appeal (civil appeal 4796/14) on the Haifa District Court's decision concerning the updating of the State's special share in Zim terms (liquidation file 42082-05-14) (the "District Court's Decision"), which relies on the State's position that the liquidation court is not authorized to amend the State's special share in Zim terms and only the Government has such authority; and that the procedure according to section 350 to the Companies Law, 1999, is not the adequate procedure for amending the States special share.

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In addition to the filing of the appeal, the State concurrently filed with the Supreme Court a motion for delay of execution of the District Court's Decision.

In the afternoon of that day the Supreme Court decided that the State's appeal and the motion for delay of execution shall be heard on July 14, 2014 and the parties' positions shall be filled by the parties no later than July 13, 2014. It shall be noted that the said dates are within the target date which was set for the completion of the Arrangement, i.e. July 15, 2014.

The Company is examining the implications of the filing of the appeal, the motion for the delay of execution and the Supreme Court's decision as stated.

Additionally, on July 6, 2014, Zim filed with the District Court an additional motion for approval of the shareholders and option holders of Zim which constitutes a part of the Arrangement, and includes additional matters which are requisite in regards with the completion of the Arrangement (including the approval of Zim's new articles of association as of the completion of the Arrangement), as well as a motion to shorten the times in connection with a certain objection which was filed with the court in regards with the shareholders and options holders arrangement, in order to enable the completion of the Arrangement until July 15, 2014. On July 7, 2014 the District Court decided that the State and the Official Receiver will file their response to Zim's said motion no later than July 10, 2014, and ordered that a hearing in the said objection shall be held on the same date.

Sincerely yours,

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 & Company Secretary.

Date of signature: July 8, 2014.