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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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Date of Transmission: 09/06/2010

Reference: 2010-01-515697

To:
The Securities Authority
via MAGNA

To:
The Tel-Aviv Stock Exchange Ltd.
via MAGNA

Dear Sir/Madam,

Re: Immediate Report - Zim's Entry Into an Agreement for the Sale of its Rights in a Joint Venture in China

Further to the immediate report dated 5.5.2010 (Reference Number: 2010-01-470034), and in accordance with the report provided to the Company by Zim Intergraded Services Ltd., the Company hereby reports the following:

1. On June 9, 2010, Zim Intergraded Service Ltd. ("**Zim**") and an unrelated foreign corporation (the "**Foreign Corporation**") entered into an agreement for the sale of Zim's rights (approx. 8% of the equity of the joint venture and the rights attached thereto) in a joint venture in China, which main activity is building and operating approx. 18 terminals for freight trains in China (the "**Joint Venture**" and the "**Agreement**", respectively).
2. The consideration which will be paid to Zim for its rights in the Joint Venture is set at an amount of approx. 197 million RMB (approx. 29 million USD according to the exchange rate known close to the date of this report). Approximately third of the abovementioned amount will be paid to Zim as an advance within 10 days as of the Agreement execution date. The remaining of the consideration will be paid to Zim within 10 days as of the fulfillment date of the condition precedent which is detailed below.

3. The completion of the transaction which is the subject of the Agreement is subject to the receipt of the approval of the Industry and Trade Office in China within a period of 6 months as of the Agreement execution date, or a longer period if agreed by the parties (the "**Condition Precedent**"). In case the Condition Precedent will not be fulfilled, Zim shall return to the Foreign Corporation the advance paid to it (the return of the advance was secure by a guarantee provided by a subsidiary of Zim).
4. As per the Agreement, in addition to the consideration which will be paid to Zim, the Foreign Corporation (which is an owner of rights in the Joint Venture) shall pay to the Joint Venture an amount of approx. 111 million RMB (approx. 16 million USD according to the exchange rate known close to the date of this report), this for Zim's share in the third investment round, which was not injected by Zim at the scheduled date.
5. In the framework of the Agreement it was agreed that the refrainment of Zim's from participating in the third investment round in the Joint Venture shall not derogate from the validity of the Agreement and shall not constitute a breach of the Agreement on the part of Zim (including in case of claims of the Joint Venture or its owners against Zim in connection with such investment round) and this will not harm the implementation of the transaction. Similarly, in case the transfer of rights in the Joint Venture will not be approved due to Zim's refrainment from participating in the previous investment round, this will not be considered a breach of the Agreement between the parties and neither party shall have any claim. It was further agreed that in the event of any claims or demands in connection with Zim's refrainment from participating in the aforesaid investment round, Zim will have to settle independently any claim or demand in this matter. As was conveyed by Zim in connection with the foregoing, Zim is obligated pursuant to the Joint Venture investment agreements to pay a compensation to the Joint Venture of approx. 3% of the investment amount which was not paid on time (approx. 490,000 USD according to the exchange rate known close to the date of this report), and may be exposed (in accordance with the Chinese Corporate Law) to a payment demand from the Chinese authorities for amounts which are not substantial.

Sincerely,
Israel Corporation Ltd.

The date when the event first became known to the corporation: 09/06/2010, time: 10:30.

Reference of former documents in this regard (referring does not constitute incorporation by reference):

Former name of reporting entity:

The Israel Corporation Ltd.

Form structure updated 18/04/2010

Name of Electronic Reporter: Maya Alchek Kaplan. Adv. Position: General Counsel (In House) and Company's Secretary. Aranha 23, Millennium Tower, Tel Aviv 61204. Phone – 03-6844517, Fax: 03-6844587, e-mail – mayaak@israelcorp.com