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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](http://www.tase.co.il)

**Immediate Report**

The Event: Memorandum of Understanding of Subsidiary

Dear Sir/Madame,

Re: Zim Entered Into a Memorandum of Understanding for the Sale of Its Rights in a Foreign Company

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 6, 2010, a non-binding Memorandum of Understanding was signed between Zim Intergraded Services Ltd. and companies related to it ("**Zim**") and a foreign corporation and a company related to it (the "**Foreign Corporation**") in connection with a sale, directly and indirectly, of Zim's rights, of any kind, in a foreign company engaged in a shipping related activity (and does not holds ships) (the "**Foreign Company**" and the "**MOU**", respectively).
2. As per the MOU, which is non-binding as abovementioned, to the extent a sale contract shall be executed between the parties (the "**Sale Contract**"), the Foreign Corporation will purchase (directly and indirectly) Zim's rights in the Foreign Company. According to Zim's assessment, the total consideration for the sale of its rights in the Foreign

Company is estimated at a range of 130-170 million USD, this considering, *inter alia*, the consideration amount and the consideration adjustment mechanisms set forth in the MOU (the "**Total Consideration**").

3. It was agreed between the parties that the transaction which is the subject of the Sale Contract will be subject, *inter alia*, to the fulfilment of various conditions precedent. In this context, it shall be noted that simultaneously with the execution of the MOU, a framework agreement was signed between Zim and a third party related to the Foreign Company, in the framework of which the parties expressed a principal consent, subject to certain conditions, to act in cooperation for the execution of the actions necessary for the fulfilment of such conditions precedent which are under the control of the parties.
4. Simultaneously with the execution of the MOU, an exclusivity agreement was signed between the parties according to which, subject to certain conditions, during the period ending on July 9, 2010 (which may be shortened under certain circumstances), Zim will not be entitled to conduct contacts with third parties for the sale of its rights in the Foreign Company (the "**Exclusivity Period**"). Furthermore, Zim granted the Foreign Corporation an option to extend the Exclusivity Period for additional 45 days, under certain conditions. During the Exclusivity Period the Foreign Corporation shall conduct a due diligence.
5. The Company shall continue to report to the extent binding agreements will be executed between the parties in connection with the above transaction, and with respect to material developments in connection therewith, this in accordance and subject to the law.

Sincerely,

Israel Corporation Ltd.

The date when the event first became known to the corporation: 04/05/2010, time: 17:00.

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

Former name of reporting entity:  
The Israel Corporation Ltd.

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](mailto:mayaak@israelcorp.com)