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

Sort name: Israel Corporation

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The Securities Authority	The Tel Aviv Stock Exchange
www.isa.gov.il	www.tase.co.il

Immediate Report

The Event: Zim - Maalot report

Attached hereto is Maalot report as published on Maalot's website.

The date when the event first became known to the corporation: December 15, 2013
Time: 9:28

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: December 15, 2013

STANDARD & POOR'S
MAALOT
McGRAW HILL FINANCIAL

Zim Integrated Shipping Services Ltd

December 12, 2013

Rating Update

RATING DOWNGRADED TO 'iICC' ON EXPECTATIONS OF DEBT RESTRUCTURING IN THE SHORT TERM AND THE INCLUSION OF A GOING CONCERN QUALIFICATION

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Please note that this translation was made for the company's use only and under no circumstances obligates Standard & Poor's Maalot. In the case of any discrepancy with the official Hebrew version published on December 12, 2013, the Hebrew version shall apply.

Rating Update

RATING DOWNGRADED TO 'ilCC' ON EXPECTATIONS OF DEBT RESTRUCTURING IN THE SHORT TERM AND THE INCLUSION OF A GOING CONCERN QUALIFICATION

Overview

- The inclusion of a "going concern" qualification in the company's financial statements for the third quarter of 2013 enables the various debt holders to accelerate their loans and also revokes amendments to financial covenants given to the company in the past. However, we understand that the lenders have not yet demanded immediate repayment of debts.
- We believe there is a high probability of a debt restructuring in the short term.
- The ongoing crisis in the shipping industry continues to adversely affect the operating results of Zim. In our opinion, without restructuring the company's debts and / or without a significant positive change in industry conditions, the company will find it difficult to meet its obligations during 2014.
- We are lowering the rating of shipping company, ZIM Integrated Shipping Services Ltd., to 'ilCC' from 'ilCCC'.
- The negative outlook reflects our estimate of the high likelihood of a distressed debt restructuring or of a conventional payment default in the short term.

Rating action

On December 12, 2013 Standard & Poor 's Maalot downgraded the rating of Zim Integrated Shipping Services Ltd., which operates in the area of maritime transportation, to 'ilCC' from 'ilCCC'. The outlook remains negative.

Rationale

The rating downgrade to 'ilCC' reflects our expectations of a debt restructuring with the company's creditors, including bondholders, in the short term, due to significant progress in understandings between the sides. In addition, based on the difficult situation of the shipping industry and ZIM's operating results for the third quarter of 2013, there is in our opinion, a likely scenario for a conventional payment default by the company during 2014 as a result of the weakening in the company's liquidity and the company's non-compliance with covenants. In our view, the inclusion of a "going concern" qualification in Zim's financial statements for the third quarter of 2013 supports this assessment.

On November 30, 2013 Zim 's parent company, the Israel Corporation Ltd. (ilA+/Stable) notified the Tel-Aviv Stock Exchange of significant progress in understandings with the creditors of the company with respect to a general debt restructuring and its assessment that the understandings will lead to a binding agreement. In light of the above, we see a real possibility of a debt restructuring with the creditors, including the bondholders, in the short term. Given Zim's rating, this step is considered as a "distressed exchange offer" according to our criteria (i.e. a restructuring or rescheduling of the company's obligations under stress), which is an event equivalent to a payment default.

If the company does not reach understandings with its creditors regarding a debt restructuring, our base case liquidity scenario indicates a shortfall between the company's sources and uses during 2014, namely a conventional payment default. This is provided that there will be no, currently unexpected, significant positive changes in the condition of the industry that will lead to a considerable improvement in average freight tariffs, or ,alternatively, other exogenous changes that will constitute a sustainable solution.

The steps taken by the management of the company in 2013, including the postponement of some principal payments to banks from 2013 to mid-2015, easing of financial covenants and agreements with a shipyard on the cancellation of part of an order and the postponing of delivery of remaining vessels, enabled the company to meet its obligations to date. However, significant changes for the worse that occurred in the terms of maritime trade in 2013, especially in the third quarter, undermined Zim's liquidity position. The inclusion of a "going concern" qualification in Zim's financial statements is an event giving a right to accelerate repayment of a substantial part of Zim's financing and ship-leasing agreements, and revokes amendments to financial covenants given to the company in the past. According to the company, the creditors who participated in the discussions held recently said they do not intend to demand immediate repayment of their debts, although this right is available to them at this time.

Liquidity

We view Zim's liquidity as "weak" according to our criteria. The postponement of some repayments of principal to banks, and all the ammendments to the financial covenants obtained in during 2013, may be revoked due to the "going concern" statement in Zim 's financial statements for the third quarter of 2013.

We estimate that during 2014, Zim may encounter a cash shortage. Our base case liquidity scenario assumes that Zim will not receive external support and that there will be no material positive change in maritime trade conditions.

A change in the amortization schedule should facilitate the Company's meeting its obligations and may improve its financial strength, but as noted, such a development would be considered a debt restructuring under stress equivalent to an event of payment default as defined by our criteria.

Outlook

The negative outlook reflects our view that there is a high probability that the company will reach a payment default in the short term, whether as a result of non-compliance, for any reason, with any obligation to creditors, including the payment of the debt on the original date, or as a result of reaching a debt restructuring and / or rescheduling of existing debt.

Related research

- "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', and 'CC' Ratings" published on October 1, 2012
- "Liquidity Descriptors For Global Corporate Issuers" published on September 28, 2011
- "Rating Implications of Exchange Offers And Similar Restructurings, Update" published on May 12, 2009

The methodological articles mentioned can be found on the Standard & Poor's website at www.standardandpoors.com.

Ratings List

	Current rating	Previous rating
Zim Integrated Shipping Services Ltd.		
Issuer rating	ilCCC / Negative	ilCCC / Negative
Bonds Series 1	ilCC	ilCCC
Bond Series 2	ilCC	ilCCC
Bond Series 3	ilCC	ilCCC