

Delivering value to shareholders,  
employees and the community.

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## Israel Corp.

*“With the world economy recovering, and its investment and cost-efficiency drives paying dividends, IC recorded an excellent year.”*

### Overview

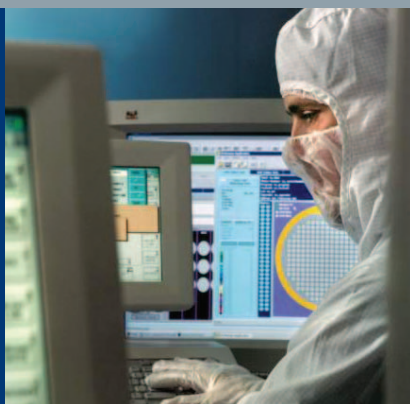
Israel Corp. (IC), is Israel’s leading holding company and is actively involved in domestic and overseas markets throughout the world. For over thirty years, IC has played a pivotal role in the privatization and development of Israel’s key industries.

Today, IC’s primary focus is on Chemicals, Shipping, Semiconductors and Energy.

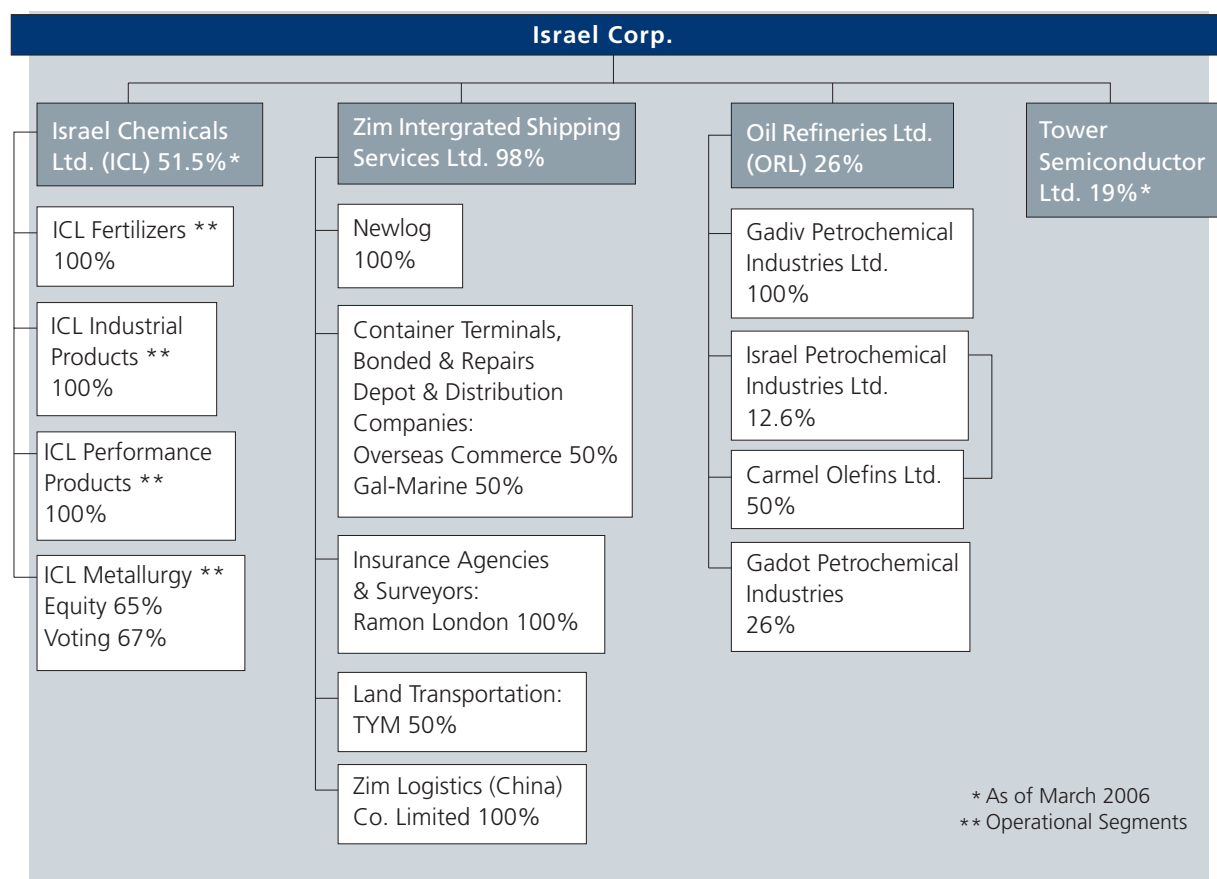
IC’s holdings include Israel Chemicals Ltd. (ICL), a global fertilizers and specialty chemicals company, and a world leader in many of its market segments; Zim Integrated Shipping Services Ltd. (ZIM), one of the world’s largest container-shipping companies, and Tower Semiconductor Ltd. (TOWER), a pure-play independent specialty foundry.

IC takes a proactive approach to its subsidiaries, supporting them with strategic vision, management expertise and business development. IC is committed to significantly expanding its presence in international markets, by building on the core strengths of its companies and seeking new investment opportunities.

IC’s shares and the shares of a number of its subsidiaries are listed on the Tel Aviv Stock Exchange, whilst TOWER is also listed on the NASDAQ. The Ofer Group is the majority shareholder in IC with a holding of 55 percent, Bank Leumi L’Israel holds approximately 18 percent and the remaining shares are held by the public.



# Israel Corp. Holdings



## Financial Snapshot (Million USD)

Group Companies	IC*		ICL		Zim	
	2005	2004	2005	2004	2005	2004
Turnover	5,736	5,105	2,986	2,715	2,884	2,528
Operating Profit	724	505	561	354	191	176
Net Profit	345	299	422	251	187	172
Total Assets	5,611	4,792	3,324	3,062	1,699	1,577
Return on Equity	43.8%	47.6%	31.5%	20.2%	40.8%	56.7%
EBITDA			734	522	268	256

\* based on the consolidated financial statements

# Board of Directors and Management

## Board of Directors

Idan Ofer, Chairman of the Board

Ehud Angel

Yochi Dvir

Irit Izakson

Zvi Itskovitch

Yair Seroussi

Avi Levy

Amnon Lion

Prof. Isaac Ben-Israel

Moshe Vidman



Idan Ofer  
Chairman of the Board



Yossi Rosen  
President & CEO

## Executive Officers

Yossi Rosen, President & Chief Executive Officer

Gilad Shavit, Deputy CEO

Avisar Paz, Chief Financial Officer

Adv. Noga Yatziv, Company Secretary and Assistant to the President

Udi Hillman

## Management

Yossi Rosen, Chairman, Israel Chemicals Ltd.

Akiva Mozes, President & CEO, Israel Chemicals Ltd.

Idan Ofer, Chairman, Zim Integrated Shipping Services Ltd.

Doron Goder, President & CEO, Zim Integrated Shipping Services Ltd.

Udi Hillman, Chairman, Tower Semiconductor Ltd.

Russell Ellwanger, Chief Executive Officer, Tower Semiconductor Ltd.

# Letter to Our Shareholders

## Dear Shareholders,

We are pleased to report that Israel Corp (IC) recorded its best year ever in 2005, with its chemicals and shipping businesses benefiting, among others, from the recovering world economy.

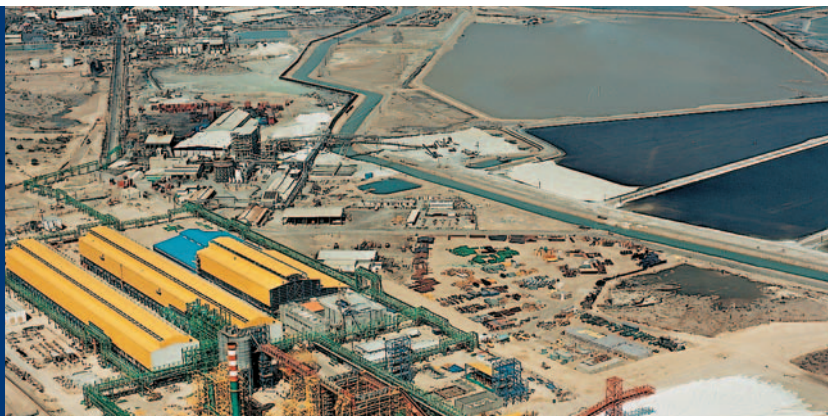
## Improved Results

IC recorded profits of NIS 1,589 million in 2005 (\$345 million), as compared to profits of NIS 1,376 million the previous year (\$299 million). Cash flow from current operations totaled NIS 3,336 million

we have an interest, (as with Zim in 2004), or, alternatively, to divest ourselves of these businesses. We now plan to explore other opportunities in the energy market.

## Chemicals Market Continues its Upswing

One of the primary contributors to the year's outstanding results was ICL, with another year of excellent results in 2005, reporting record gross profit, operating income and net income, and a continued strong cash flow. ICL's sales grew during the year by 10 percent to NIS 13.4 billion (\$ 3.0



in 2005 (\$725 million), as compared to NIS 2,910 million in 2004 (\$632 million).

At the beginning of 2006, Israel Corp sold its holdings in Oil Refineries Ltd. (ORL) to the Government of Israel for NIS 677 million (\$ 144 million), including dividend received.

The sale of our holding in ORL is a further important step in our program either to acquire the government's shareholding in businesses in which

billion) during the year with a rise in net profit of 69 percent to NIS 1894 million (\$422 million).

Each of ICL's major operating segments, including ICL Fertilizers, ICL Industrial Products and ICL Performance Products contributed to these results.

Overall, ICL's achievements in 2005 were driven by various factors:





**Investments in low-cost capacity expansion.**

After completing a significant expansion of its potash production capacity during the past 2 years, ICL focused in 2005 on the expansion of its bromine operations and is launching a new MAP soluble fertilizer plant, a move to enhance its positioning in the specialty fertilizers market. In addition, ICL began implementing a new, internally-developed technology that will allow it to reduce its phosphate rock manufacturing costs while making its operations more environmentally friendly.

manufacturer and marketer, as well as the acquisition of a Brazilian food ingredients company. These synergistic transactions have transformed ICL Performance Products into a segment with sales of approximately \$1 billion on an annual basis. In parallel, during the year, ICL Industrial Products and ICL Metallurgy segments stepped up their development of new applications and overall marketing efforts.

**Maximizing the synergies of the core businesses.**

With the Astaris acquisition completed, ICL is now

**We are pleased to note that our strategic goals in 2005 were accomplished. Our achievements will in turn drive our objectives for the coming years.**

**Expansion of sales of higher value-added products**

ICL continued to focus on increasing sales of value-added downstream products and services. In addition to expanding sales efforts for existing downstream product lines, ICL moved into new application areas, taking advantage of the Group's extensive product development expertise. In 2005, ICL succeeded in repositioning ICL Performance Products as a vertically-integrated specialty phosphates powerhouse, primarily through the milestone acquisition of the business and assets of Astaris, a major US-based specialty phosphate

positioned as a balanced, diversified group with three strong "legs" and an expanding range of inter-group synergies. During 2005, much of ICL's effort was designed to exploit these synergies.

From a market perspective, 2005 was a year of growth for most of its primary target industries. Record fertilizer prices, rising demand for phosphate-based and bromine-based downstream products, all contributed to ICL's outstanding performance.





## Zim Looks Forward

Zim reported turn over of NIS 12,952 million (\$2,884 million) in 2005, as compared with NIS 11,318 million (\$2,528 million) in 2004.

Zim, the 16th largest container shipping company in the world and the flagship of Israeli shipping, is now involved in a comprehensive expansion program, aimed at enhancing its fleet. Eight vessels of 4,250 TEU will join the fleet in 2006-7 and 4 vessels of 6,350 TEU in 2008-9. These vessels will upgrade four different global services, Zim Container

services, which include freight forwarding, customs brokerage, off-dock container terminals, warehousing, trucking, container care, logistics and insurance. To offer the best services, Zim holds a full or partial interest in companies that provide services such as container repairs and maintenance, maritime communications and navigation equipment, electronics, and more.

## Tower Semiconductor

In Q4 2005 the company achieved positive EBITDA from its operations, reflecting the initial success of

**We are determined to use our strong cash flow to make strategic investments directly and via our subsidiaries.**

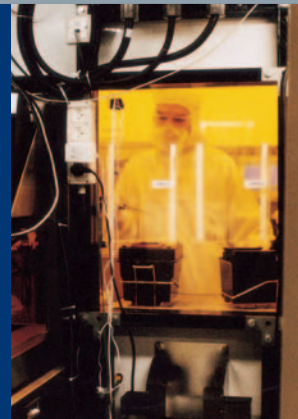
Service, Asia-U.S. East Coast, Asia-Med-Pacific, and Asia-North Europe. As of December 31, 2005, Zim operates 89 vessels, primarily container vessels of all types. Of these, 24 vessels are fully or partly owned by the company, and the rest are chartered.

Zim is also engaged in two major projects that will modernize its communications infrastructure and streamline the flow of information for its operational and financial systems.

Zim continues to strengthen its shipping-related

vigorous efforts to meet ambitious business goals under new management. Moreover, TOWER reported a 51 percent growth in revenue over Q3 05—the highest ever quarter-to-quarter growth in the history of the company.

This milestone in TOWER's multi-year growth plan, is directly attributable to the more targeted efforts to meet its customers' needs and to providing a timely response.



In 2006, TOWER will continue its focus on delivering to its customers best of breed cycle time for new product introduction and high quality, reliable manufacturing while improving the company's financial performance through increased revenues and Fab efficiency-led cost control. These activities will fuel TOWER's growth for the years to come.

In April 2005, Mr. Russell Ellwanger was appointed CEO of TOWER. Mr. Ellwanger brings to TOWER more than 25 years of experience with leading international semiconductor and technology companies. Most recently, Mr. Ellwanger was Group VP in Applied Materials (NASDAQ:AMAT) and has served as corporate VP and general manager of an Israel-based business group for Applied Materials. His international career also includes executive positions in Japan, Singapore and the Netherlands.

### **A Bright Future**

In 2005, we issued bonds to institutional investors on the Tel Aviv Stock Exchange. Cash flow in all our companies was improved and we have established a base from which to make strategic investments.

During 2005, the value of our companies increased, with IC valued at NIS 13.1 billion (\$2.8 billion) and ICL at NIS 23.1 billion (\$ 5 billion), giving total adjusted annual returns of 87% and 82% respectively. IC's market capitalization ranking on the Tel Aviv Stock Exchange at December 31st, 2005 was 6th, with ICL ranking 4th.

In 2005, our shareholders benefited from our successful performance. In 2005, we distributed NIS 295 million (\$67 million) in dividends.

Looking forward, we are determined to use our strong cash flow to make strategic investments directly and via our subsidiaries. We are exploring potential acquisitions in areas where we have proven strength.

In summation, we are pleased to note that our strategic goals in 2005 were accomplished. Our achievements will in turn drive our objectives for the coming years. Those objectives are both ambitious, fiscally sound, and intended to increase shareholder value and develop profitable channels of growth.

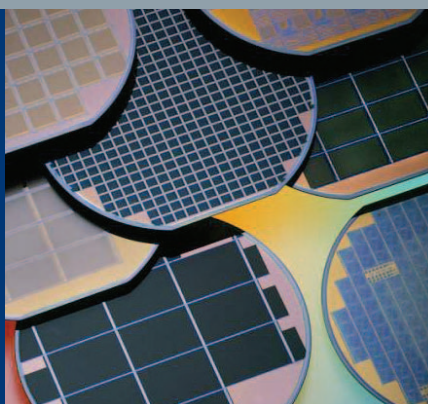
We are also proud that in 2005 our contributions to the community, expressed in financial philanthropy and intensive employee participation, continued to have a positive impact on the lives of thousands of Israeli citizens. We view our commitment to the community as a cornerstone of our business strategy.

Our shareholders, customers and employees inspire us to strive for value-added, responsible business and community performance. We thank them and commit to earning their continued trust.

  
Idan Ofer  
Chairman of the Board

  
Yossi Rosen  
President and CEO





## Reaching Out to the Community

As a business corporation striving for excellence in performance and development in every field, IC has made communal responsibility a top priority. We reach out financially and personally to nurture many audiences and to create a measurable impact.

Our strategy is that communal responsibility is not summed up only in financial assistance, but must be accompanied by direct involvement. We have appointed senior executives from corporate management, subsidiary companies and their plants to manage and coordinate communal projects selected for their potential contribution to quality of life.

we support are Alut (for the autistic), Yad Sara (medical equipment), Enbal (for the physically abused), Yated (Down's Syndrome children), Akim (the mentally challenged), Variety, and more.

In 2005, IC contributed about NIS 9.6 million (\$2.1 million) to these causes, with the flagship projects including the adoption of clubs for children and youth at risk, IC's Pharmaceuticals Fund for Healthcare in Israel, and Alut.

### Clubs for Children and Youth at Risk

This ambitious multi-year project, was launched in 2001



**Our strategy is that communal responsibility is not summed up only in financial assistance, but must be accompanied by direct involvement.**

We are particularly sensitive to the needs of special populations, such as youth at risk, battered women and teenage girls, the physically and mentally challenged, the elderly, and similar groups. We support dozens of associations and frameworks that assist the disadvantaged through funding and volunteerism.

As a corollary, we allocate significant financial and human resources to healthcare, scientific, cultural and art institutions, special education schools in the Negev and various educational activities. Among the associations

with the very active support of IC and its subsidiaries. The clubs are located in Dimona, Arad, Yeruham and Beer Sheba in Southern Israel, and Kiryat Ata, Kiryat Motzkin, Kiryat Haim, Haifa and Migdal Haemek in the North. Their goal is to make a positive impact that will lead to real change, empowering the participants to realize their potential, and to benefit from opportunities.

The children, aged 6-17, come after school, remaining until the evening, so that the club serves as model home and family. These children, who have been designated





at risk, come from unfortunate backgrounds where their parents cannot care for them properly because of economic, physical or mental health problems. The clubs provide a nurturing environment that motivates and empowers the children to cope with educational and social challenges. At the clubs, the children receive hot, nutritious meals, help with studies, and, perhaps more important, caring attention and affection.

The clubs are operated in cooperation with the Ministry of Education and local municipalities. They have garnered many accolades from social workers and pedagogues in Israel, having achieved measurable results.

At the beginning of 2006, the project encompassed 47 clubs. We have committed to continued support over the coming five years.

### **Pharmaceuticals Fund for Healthcare in Israel**

The Fund was officially launched in September 2005 by Sammy Ofer, IC, ICL and ZIM, providing NIS 35 million for critical medications not covered by Israel's healthcare system. Our goal is to alleviate, at least in some measure, the difficult medical reality suffered by many patients with severe illnesses, who cannot afford vital, very expensive medications not covered by the healthcare system.

### **Alut-the Association for Autistic Children**

IC's relations with Alut began in 1999, when we inaugurated our new offices, and held an exhibition of paintings made by Alut children. Since then, our involvement in Alut's activities has grown steadily. In

2005, Alut laid the cornerstone for a NIS 1.5 million (\$326,000) permanent home in Jerusalem, funded by IC, ICL and Zim.

In addition, IC supported and assisted in a national fundraising day for Alut, participating in the media campaign, and contributing approximately another NIS 1 million (\$ 217,000).

Moving towards 2006, IC and ICL's boards of directors took the decision to contribute NIS 2.5 million for the establishment of a village for autistic children in Beer Sheva.

IC's involvement in Alut is thus enabling the establishment of two homes for autistic children, responding to the needs of dozens of families, some of whom have been on a waiting list for as long as 10 years. Alut supports thousands of autistic people and their families.

IC's generous involvement in Alut is encouraging other corporations in Israel to support this worthy cause.

These and the other projects which we support draw on volunteers from every level of our organization, from pensioners to executives to workers and their families. This personal involvement is at the heart of IC's corporate culture, where business success carries with it the responsibility of reaching out to the less fortunate.







## Israel Chemicals Ltd.

*“ICL recorded an excellent year, harvesting the results of its efficiency drive and good market”*

### Overview

ICL is one of the world's leading fertilizers and specialty chemicals companies. With exclusive concessions to extract high quality, low cost minerals from Israel's Dead Sea as well as mining rights in the Negev Desert, ICL is a major player in its key markets:

- #1 producer of elemental bromine (~35% global production)
- World-leading specialty phosphate company
- #1 producer of pure phosphoric acid
- #6 producer of potash (#2 potash supplier in Europe)
- #1 supplier of PK fertilizers (compound potash and phosphate) in Europe
- #3 producer of magnesium in the Western world
- Major player in specialty chemical high margin niche markets and specialty fertilizers

ICL is one of the world's most integrated chemical companies, leveraging its low-cost sources of phosphates and bromine to manufacture an expanding range of higher-margin downstream products, including specialty food-grade and technical phosphates and phosphate salts (used by the processed meat, dairy and baked goods industries), bromine-based flame retardants and clear brines, and other specialty chemicals for a broad range of industries. ICL is also differentiated by its high level of technological expertise and know-how, advantages that enable it to continuously

improve its production techniques and to serve and support its customers.

ICL is comprised of four core segments: ICL Fertilizers, ICL Industrial Products, ICL Performance Products and ICL Metallurgy. A truly multi-national organization, ICL's major production facilities are located in Israel, Europe, North America, South America and China. In addition, ICL has established extensive marketing and logistics networks throughout the world, and has a dedicated team of over 9,000 employees.

### Moving Forward

To capitalize on its measurably competitive advantages, ICL is pursuing a focused strategy designed to optimize its operational synergies, expand its production of higher-value downstream products, and maximize its cash flow. To achieve these ambitious goals, ICL continues to invest in capacity expansion of primary minerals, and to strengthen its marketing and customer support capabilities, while further building on its worldwide presence to enable future market penetration.

### ICL Fertilizers

#### Overview

With concessions for the Dead Sea and the Negev Desert, ICL has access to low-cost raw material for its potash production, and is the world's sixth largest potash producer as well as being an integrated



producer of a variety of products based on the phosphate rock that it extracts from the Negev Desert. Ninety percent of its phosphate rock production is used to manufacture phosphate fertilizers, and phosphoric acid for specialty fertilizers and downstream, higher-margin products.

ICL Fertilizers' main markets are Europe, Brazil, India, China and Israel.

The combination of world population growth, increasing nutrition requirements, greater adoption

natural resources, and, due to the geographical location of its plants, has easy access to the Mediterranean Sea, the Red Sea, North Sea and other key ports. ICL is thus the lowest-cost shipper to many of the world's largest fertilizer markets.

### Moving Forward

In its commodity business, ICL plans continued expansion of potash production; and expansion of activities in regions where ICL Fertilizers has logistic and market advantages, such as India, China and Brazil.



**ICL is particularly well positioned to benefit from the upsurge in its markets, as it is the industry's low-cost potash producer and the lowest-cost shipper to many of the world's largest fertilizer markets**

of balanced fertilizing strategies in developing regions (India, China and others), and the use of "bio-fuels", is expanding the demand for potash and phosphate-based fertilizers, while the increased deployment of sophisticated agricultural techniques is raising demand for specialty fertilizers.

As a result, prices rose throughout 2005 to record levels. ICL is particularly well positioned to benefit from this environment. It is the industry's low-cost potash producer because of its proximity to rich

Concurrently, ICL will continue to take measures to reduce the cost and environmental impact of the production of phosphate rock and related products. Thus, in 2005, ICL-developed technology innovations, enabled ICL to begin implementing a plan to use less expensive varieties of phosphate rock to produce phosphoric acid and downstream specialty fertilizers and to close an older plant - steps that have reduced production costs as well as reducing the environmental impact of its operations.





The third dimension of ICL Fertilizers' strategy calls for the expansion of sales of specialty fertilizers and downstream products.

## **ICL Industrial Products**

### **Overview**

With direct access to the world's most concentrated source of bromine and state-of-the-art technologies, ICL is the world's largest producer of elemental bromine, 75% of which is used in the production of higher-margin flame retardants, clear brines for the oil and gas industry, water treatment and other industrial uses. ICL is also a major producer of magnesia, chlorine and other Dead Sea salts.

ICL's Industrial products are marketed primarily to Western Europe, the US, China, Japan and Taiwan.

### **Record Year**

The market improved substantially in 2005, driven by a worldwide economic growth. This new environment is increasing demand for electronics products. In addition, there was a welcome upsurge in global oil and gas drilling activities. As a result of these positive trends, prices rose throughout 2005 to record levels.

### **Moving Forward**

Direct access to raw materials, the world's largest fleet dedicated to bromine shipment, and world-class technical and marketing teams give ICL industrial products differentiating competitive advantages.

ICL is now increasing its elemental bromine capacity from 240 million to 280 million tons. It is expected that the expansion will be completed during 2006. At the same time, ICL is increasing the vertical integration of chlorine-based operations by enhancing their distribution channels.

Already offering a diversified industrial product mix, ICL is now developing new uses for existing products and raising the proportion of specialty products in its portfolio.

China, today one of the most attractive markets in the world, is being targeted by ICL as a major growth accelerator for its products. ICL has an established history and presence in China, which will now be leveraged for further expansion.

## **ICL Performance Products**

### **Overview**

When ICL Performance Products acquired the business and assets of Astaris LLC in November 2005, it became the world's leading Specialty Phosphates company and one of the industry's most vertically-integrated players. Leveraging low-cost raw materials produced by ICL Fertilizers, ICL Performance Products produces a broad variety of downstream products for food and industrial applications. Its particular strength is the development of customized specialty phosphates tailored to meet demanding performance requirements in the food, detergent, footwear, paper, metallurgy, electronics, construction, pharmaceutical and water treatment industries.





ICL Performance Products operates worldwide and has recently strengthened its connections in North America. Its global manufacturing and marketing capabilities ensure short delivery times and excellent customer support.

### Moving Ahead

ICL Performance Products plans to continue expanding through synergistic M&As. In 2005, by acquiring the assets and part of the business of Astaris, a major US-based specialty phosphate company, and by acquiring a Brazilian food

magnesium. Its operations are highly synergistic with those of ICL Fertilizers and ICL Industrial Products. This synergy helps the ICL Group to maximize the revenue value of its Dead Sea operations while minimizing overall costs. ICL Metallurgy is a joint venture with Volkswagen: ICL: 65% Volkswagen: 35%.

North America accounts for 65 percent of sales with Europe contributing the remainder.

### Moving Forward



**ICL Performance Products is the world's leading Specialty Phosphates company and one of the industry's most vertically-integrated players.**

ingredient company, ICL Performance Products' sales grew to a billion dollars on an annual basis. ICL Performance Products now intends further business expansion in targeted markets such as China, India, Eastern Europe, North America and South America.

### ICL Metallurgy Overview

ICL Metallurgy manufactures high-quality metal magnesium and magnesium alloys from the Dead Sea, the world's most concentrated source of

The activities of a dedicated Magnesium Research Institute are a keystone to metallurgy growth in customer-oriented applications. Specially tailored alloys and products are designed to meet the specific needs of individual automobile manufactures and other customers.

To realize additional cost-efficiencies and to improve its environmental profile, ICL is developing the means to switch magnesium production from fuel oil to natural gas when it becomes available at the company's plant locations.







## Zim Integrated Shipping Services Ltd.

*“New vessels and ambitious IT projects are positioning Zim for continued growth and profitability”*

### Overview

Zim Integrated Shipping Services Ltd., is the 16th largest container shipping company in the world and the flagship of Israeli shipping.

Zim operates a large, modern fleet that offers a variety of global services and close to 40 regional services, reaching every continent and calling on

forwarding, land transport, river transport, and more.

### A World-Class Fleet

As at December 31, 2005, Zim was operating 89 vessels, primarily container vessels of all types. Of these, 24 are fully or partly owned by the company, and the rest are chartered.

Zim is now in the middle of an expansion program

**Zim's fleet reaches every continent and calls on hundreds of ports around the world.**



hundreds of ports around the world. Zim has a recognized reputation for providing fast, reliable and competitive door-to-door global services, based on its integrated sea, land and air transportation system.

Through a network of global subsidiaries and affiliated companies in Israel and abroad, Zim is engaged in a wide range of activities. This network includes shipping agencies acting as the Company's general agents, while subsidiaries offer various transport-related services such as logistics, freight-

to enhance its fleet. Eight vessels of 4,250 TEU will join the fleet in 2006-7 and 4 vessels of 6,350 TEU in 2008-9. These vessels will upgrade four different global services, Zim Container Service, Asia-U.S. East Coast, Asia-Med-Pacific, and Asia-North Europe.

All Zim vessels comply with international Safety Management Regulations. Zim is pledged to maintain the highest standards of safety and quality, and to adhere to marine environment protection procedures.





## Global and Regional Services

Zim offers global services, providing a fixed-day weekly schedule for the main global trade routes, as follows:

1. **ZCS** - "Zim Container Service", connects the Mediterranean, the East Coast and West Coast of the U.S.A. and the Far East.
2. **AMP** - "Asia Med Pacific", connects the Adriatic Sea, the East Mediterranean, Asia and Pacific North West ports.
3. **RTW** - "Round the World", connects ports in the Far East, North Europe and U.S.A.

excellent connections that work together seamlessly for key source/destination locations.

Zim offers a variety of specialized services to supplement its regular container lines including: car carriers, conventional cargo, reefer vessels and refrigerated containers.

## All Under One Roof

Zim offers a range of shipping-related services including freight forwarding, customs brokerage, off-dock container terminals, warehousing, trucking,



**Zim offers a range of shipping-related services that are customized to the client's needs.**

4. **ABX** - "Asia Black Sea Express Service", runs between Asia and the Black Sea via the Suez Canal.
5. **AEX** - "Far East-North Europe Express Service" via the Suez Canal.
6. **AUX** - "Asia U.S.A. Express Service" – runs between Asia and the East Coast of the U.S.A. crossing the Panama Canal.
7. **ISE** - "India Subcontinent-North Europe Service".

Covering Europe, the United States, Central and South America, Africa and Asia, with close to 40 services, Zim's regional network offers customers

container care, logistics and insurance. These services are customized to the client's needs.

Zim holds a full or partial interest in a number of companies that provide additional services related to its main shipping activities. These include container repair and maintenance, maritime communications and navigation equipment, electronics, and more.

## Information Services

Zim operates modern information and





communication systems, based on proprietary software designed for its present needs and helping it meet the diverse challenges of the 21st century.

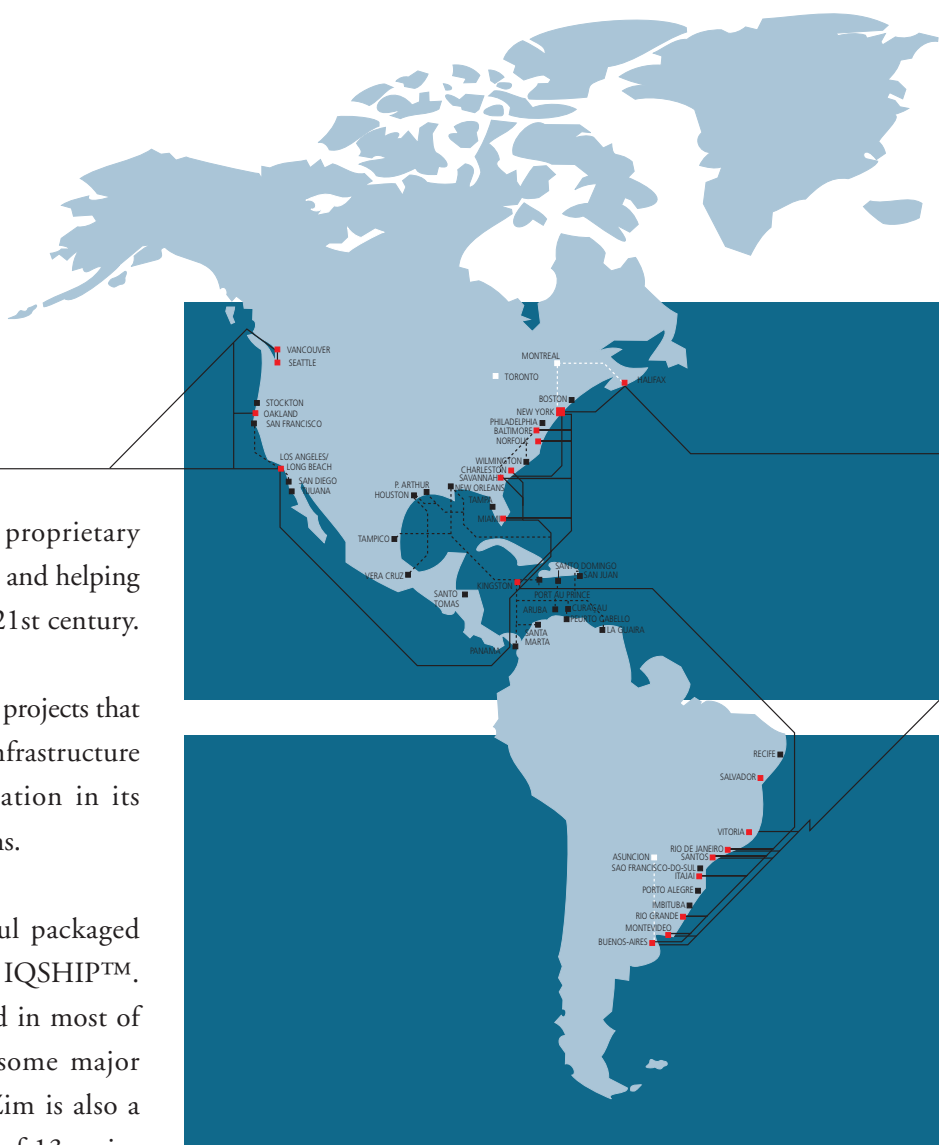
Zim is presently engaged in two major projects that will modernize its communication infrastructure and streamline the flow of information in its operational, as well as financial systems.

**1. IQ-Ship:** A modern and powerful packaged solution for shipping lines and agents. IQSHIP™ is scheduled to be fully implemented in most of Zim's agencies by end-2006 with some major implementations already in place. Zim is also a member of GTNexus, a partnership of 13 major ocean carriers and an advanced technology company with a new initiative that will facilitate transactions between the various parties involved in international trade (e-commerce). IQ-Ship, as a back office application, will be fully integrated with GTNexus, creating a back and front office platform that will improve customer service.

**2. Facts 3000:** This project, also in cooperation with IBM, relates to the company's financial applications. During this project, the head office as well as all major agencies, will move their financial applications to a SAP-based platform that will be

integrated with the operational IQ-Ship-based applications. This move will create one single worldwide platform for all of Zim's operational and financial data. SAP is already in use in the Head Office, the Dizengoff Agency as well as agencies in North Europe.

Zim's internet site [www.zim.com](http://www.zim.com) offers access to on-line data resources for customers, including cargo tracing and interactive sailing schedules, full details of agents, general information about the company, its wide range of services, and more.





## Tower Semiconductor Ltd.

*“Tower Semiconductor’s facilities are now positioned to supply its cutting edge technologies in substantial volumes”*

### Overview

Tower Semiconductor Ltd. is a pure-play independent wafer foundry established in 1993. The company offers manufacturing services of integrated circuits (ICs) with geometries from 1.0 to 0.13 micron; it also provides complementary technical services and design support. In addition to digital CMOS process technologies, TOWER is

TOWER has been a public company since 1994. The company’s shares are traded on the NASDAQ (TSEM) and on the Tel Aviv Stock Exchange (TSEM).

### Specialized Capabilities

#### CMOS Image Sensors

As early as 1993, TOWER recognized the market

**Acclaimed by its customers for responsive personnel, quick prototyping and on-time delivery, TOWER is recognized as a world-class supplier.**



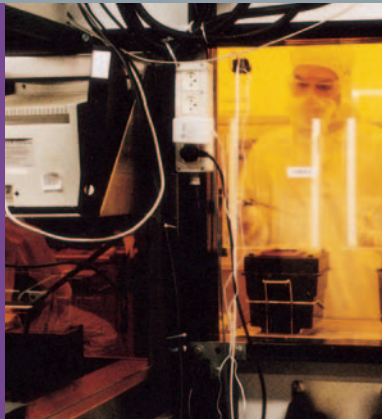
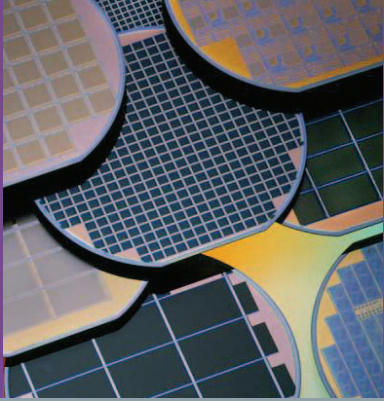
focused on specialized technologies such as CMOS image sensors, embedded flash, mixed signal and RF CMOS technologies.

To provide world-class customer service, TOWER maintains two manufacturing facilities: Fab 1 has process technologies from 1.0 to 0.35 micron and can produce up to 16,000 150mm wafers per month. Fab 2 features 0.18-micron and below process technologies and has a capacity of approximately 15,000 200mm wafers per month.

potential for using CMOS process technology for a digital camera-on-a-chip, which would integrate a CMOS image sensor, filters and digital circuitry. TOWER’s advanced CMOS image sensor process is intended to meet the established, growing demand for optical sensors aimed at consumer, industrial, medical and automotive applications.

TOWER’s offerings include a broad range of turnkey solutions and services, such as sensor design services, optical characterization of a CMOS process, and optical testing and packaging.





The CMOS image sensors manufactured by TOWER deliver outstanding image quality for a broad spectrum of digital imaging applications. TOWER's customers hold the lion's share of the worldwide dental X-ray sensors market.

### Mixed Signal and RF

TOWER's Mixed Signal process offerings are supported by a wide range of devices, both active and passive, that are specifically tailored for demanding mixed signal applications. Its mixed signal offering focuses on comprehensive and accurate modeling and characterization to support precision analog circuit design. TOWER's partnerships with leading Analog EDA and IP companies enable easy access to TOWER's process with reduced design cycle time.

In more recent years, TOWER has also started to specialize in RF (Radio Frequency) technologies. It now offers a full suite of solutions, including the elements that make receivers and transmitters for high frequency, and which are implemented in a plain CMOS process. TOWER already has several customers that are engaged in providing leading products for wireless data-communications.

### Embedded Non-Volatile Memory Solutions

TOWER's embedded NVM solutions offer a manufacturing process merging its customers' CMOS digital logic and analog design with TOWER's unique NVM modules into a true NVM System on Chip (SoC). TOWER's solutions include: **microFLASH®**: co-developed with Saifun and based on Saifun NROMtm technology.

**NOVeAtm**: by Virage Logic, verified on TOWER's 0.18 micron process technology. Several additional NVM technologies are in advanced stages of transfer to manufacturing.

### Quality Service Provider

A Total Quality Management Program, based on ISO 9002 and QS-9000 standards, has been fully implemented throughout the organization. In the past year, TOWER also received certification for the demanding ISO/TS 16949 Quality standard for automotive and was singled out as a top quality organization in Israel.

Acclaimed by its customers for responsive personnel, quick prototyping and on-time delivery, TOWER is recognized as a world-class supplier.

TOWER won Freescale's (formerly Motorola) Foundry of the Year award for its performance in 1999, and the Gold Performance Excellence Award for its performance in 2000, 2001, 2002, 2003 and 2004.

TOWER received an Award of Excellence from ON Semiconductor for outstanding service and support in March 2005.





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