Preface

Shalom,

In February 2005, the government of Israel performed a structural reform in the field of the ports in Israel. The government dismantled the Ports Authority and incorporated each of the ports in an independent governmental corporation. From 17 February 2005, the Port of Ashdod Company operates the port and provides in it port services that include: unloading, embarking, cargo warehousing, an array of infrastructures for the anchoring of passenger ships, and services in the port’s hinterland.

The Company’s management and its employees are committed to continue and improve so that you will be able to receive the excellent service, which you deserve. In the framework of the improvements, the management takes a series of steps that include investment in new equipment and absorption of new employees, which will bring to the limiting of waiting times of ships in the harbor.

The company’s objectives:

- Obligation to an excellent, qualitative and innovative service for the customers
- Establish the Port of Ashdod as a material partner for the growth of the Israeli economy and society
- Strengthen the Port’s status as a leading factor in a competitive environment
- Develop and strengthen the financial might of the company
- Use of innovative technology and broaden the variety of operating fields and services

I believe that the outcome test is the real index to evaluate the port’s success. The Port Company proves annually that it is possible to learn and improve in order to reach better achievements and results.

With best regards

Shuki Sagis
CEO
Ashdod port Company
The Port of Ashdod Company

The Port of Ashdod, the economic gate to the State of Israel, has a pronounced strategic advantage: about 40 Km from Tel Aviv, near commercial centers and central traffic arteries of the country. Being a hub, rich in capital and labor, the Port also constitutes an important factor in strengthening and the development of the national economy. The Port of Ashdod Company started its operations in February 2005 (After the dismantling of the Ports Authority and the creation of independent governmental companies), as a first step towards the privatization of the ports and increased competition. The new management headed by the general manager Mr., Shuki Sagis and the Board of Directors, acts in accordance with business/economic patterns and focuses on strengthening the status of the Port of Ashdod as a leading port in the eastern basin of the Mediterranean Sea. It does so by placing the customers in the first place, by providing a professional and efficient service and by full cooperation with the employees.

Historical Background

The corner stone for the new port was placed on July 31 1961 and on November 21 1965 it was operated for the first time for loading and unloading with the anchorage of the Swedish ship “Vingaland”.

The Port of Ashdod is one of the few deep-water ports in the world to be built in the open sea. Its construction involved many engineering difficulties. The need to construct a deep-water port came up already during the first days of the State, after it became apparent that it is impossible to expand the existing ports to assure conveyance and efficient handling of the export and import cargos, the volume of which constantly increased.

The decision to construct the additional port in Ashdod was based on several considerations:

- The construction of the port goes hand in hand with the policy of spreading the population and establishment of urban centers in the southern region
- The location of the port substantially shortens the land transportation distances for cargos from the central part of the country to its south - and return
- The distance from the citrus orchards in Rehovot, for example, is shorter by 102 Km from the distance between Rehovot and the Port of Haifa. Another example: transporting potash from Sodom to the Port of Ashdod shortens the travel distance by 120 Km

The location of the port assured some other important advantages:

- The port is near existing traffic arteries and possibilities exist for the development of new traffic arteries in the future
- The port is in the vicinity of the Dan agglomeration and Jerusalem - the trade centers of the country
The Port Of Eitan

In 2005, the Port of Eitan was inaugurated as part of the Port of Ashdod’s expansion with an investment estimated at about $0.75 billion. The Port of Eitan is a deep-water port, one of the largest infrastructure initiatives ever performed in this country. It consists of an expansion of 1,150 meter to the central breakwater and 1,700 meters of new piers with a depth of 15.5 meters. The Port of Eitan is the first computerized containers port in Israel, meeting the most advanced and innovative international standards. Lately, it was decided to build a train terminal for the existing Eitan Piers, which will facilitate increased accessibility to the industry centers surrounding the Port and increased efficiency in the work processes inside the Port.

Service Improvement For Our Customers

A main goal set by the company’s management is to assimilate a customer service oriented strategy. A strategy that places the customers’ needs in the forefront of the port’s operation and will lead to limiting the ships’ stay time in the port. The company is expected to invest about $175 million in equipment and infrastructures during the five coming years. The use of state of the art sophisticated technological equipment, expanding work force, development of new piers and introduction of creative service initiatives for the customers, will reduce drastically the delay time for ships.
<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>Growth percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cargos (Thousands of tons)</td>
<td>15,144</td>
<td>16,232</td>
<td>7.2%</td>
</tr>
<tr>
<td>Total Containers (Units)</td>
<td>491,600</td>
<td>566,400</td>
<td>15.2%</td>
</tr>
<tr>
<td>Total Containers (In thousands of TEU)</td>
<td>692,900</td>
<td>808,700</td>
<td>16.7%</td>
</tr>
<tr>
<td>Vehicles (In units)</td>
<td>74,698</td>
<td>90,262</td>
<td>20.8%</td>
</tr>
<tr>
<td>Passengers Traffic (Arriving and sailing)</td>
<td>100,067</td>
<td>168,462</td>
<td>68%</td>
</tr>
</tbody>
</table>

**Containers Traffic** Import and export in TEU terms

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>555,000</td>
<td>557,000</td>
<td>692,041</td>
<td>802,000</td>
</tr>
</tbody>
</table>

**Cargo Traffic** Import and export in thousands of tons

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo</td>
<td>14.4</td>
<td>14.2</td>
<td>15.1</td>
<td>16.2</td>
</tr>
</tbody>
</table>

**Passenger Ships** Number of sailing passengers

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ships</td>
<td>288%</td>
<td>68%</td>
<td>70%</td>
<td>164,462</td>
</tr>
</tbody>
</table>

**Vehicles traffic in units**

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles</td>
<td>64.9</td>
<td>73.7</td>
<td>74.7</td>
<td>90.2</td>
</tr>
</tbody>
</table>
Advanced Technological Services

TOS System

The Port of Ashdod is the first computerized port in Israel and is among the most advanced ports in the world that operate a TOS (Terminal Operating System). The technological system, in the construction of which $6 million was invested, provides a clear competitive edge thru an efficient and controlled management of the port’s operation, maximal use of the equipment and resources and improvement of service provided to customers.

Advantages of the TOS:
- Increased availability and significant shortening of waiting time of ships and trucks, unloading and loading
- Obtaining up-to-date and complete information and tracking of the activity of ships and containers for real time operation of the ship
- Strengthen the coordination with customers and ships planning

ERP System

As a result of the desire to improve and make more efficient the contact between the Port of Ashdod Company and its customers, a state of the art ERP system has been introduced, which manages and controls the operational, logistics and financial processes. Side by side with the TOS and ERP, other innovative systems assist us in the management of various activities: Cargo and Ships Traffic (GPS), mapping and documentation of infrastructures (GIS), Billing, organization and administration, data analysis and decision-making, maintenance etc.

The New Gate Project

A central automated truck gate that will make use of biometric and other means to identify the truckers, the Lorries and the containers, is under construction and is planned to open within the next two years. The project will include:

- 32 lanes, each lane with a truck scale
- Tracking each truck by means of cameras
- Internet applications, which will provide, thru the internet, answers to truckers’ questions and provide updates by SMS

Protecting the Quality of the Environment

The Port of Ashdod constitutes a regional moving force for the establishment of industry and trade businesses and growth of employment opportunities. The accelerated development of Ashdod, the fifth city in size in Israel, was influenced for many years from the strengthening of the Port, its expansion and positioning as the economic gate of Israel. The Ashdod Municipality is promoting the establishment of a Free Trade Zone in the hinterland of the port, as a pivot to attract international corporations. The Port of Ashdod Company believes in tightening the relations with the community surrounding it and cooperates with education institutions and academia, culture and art centers, the Elgarim fellowship, the Ashdod Absorption Center, AKIM and a variety of other organs.

Another important subject facing the port is that of quality of the environment:

- Adoption of the leading principle of lasting development, brought upon the development of the Port of Eiltan to the North and away from the urban area
- Emphasis is placed on increased awareness to the environment among the port’s employees, sub-contractors and equipment suppliers
- The Port of Ashdod installations are operated in a manner that limits environmental influence
- Preference is given to recyclable products
Piers Data

<table>
<thead>
<tr>
<th></th>
<th>Pier 1 General Cargo</th>
<th>Pier 3 General Cargo</th>
<th>Pier 5 General Cargo</th>
<th>Pier 7 Containers</th>
<th>Pier 9 Containers &amp; general Cargo</th>
<th>Pier 21 General Cargo</th>
<th>Pier 23 Containers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length in meters</td>
<td>776</td>
<td>624</td>
<td>480</td>
<td>485</td>
<td>438</td>
<td>850</td>
<td>600</td>
</tr>
<tr>
<td>Depth in meters</td>
<td>10</td>
<td>10.5</td>
<td>13.8</td>
<td>12</td>
<td>13.8</td>
<td>1.4</td>
<td>15.5</td>
</tr>
</tbody>
</table>

Prior to the arrival of a ship to the port, it is necessary to check with the Planning Department the depth of the dock.

Type of operational equipment

<table>
<thead>
<tr>
<th>Equipment type</th>
<th>Portal Cranes</th>
<th>STS for containers</th>
<th>RMG</th>
<th>RTG cranes</th>
<th>Forklifts</th>
<th>Yard trailers</th>
<th>Electric forklifts</th>
<th>Bulldozers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity</td>
<td>25</td>
<td>14</td>
<td>10</td>
<td>24</td>
<td>123</td>
<td>83</td>
<td>30</td>
<td>19</td>
</tr>
</tbody>
</table>

Advantages of the Port of Ashdod

- Proximity to the central and southern regions of the country and easy access to traffic arteries
- Proximity to the Suez Canal
- Wide and advanced infrastructures including a computerized containers port, first in Israel, by means of TOS, among the most advanced in the world for the management of containers piers
- Wide storage areas
- Growth potential for storage areas and an operational hinterland
- Proximity to a railroad and in the future a modern computerized gate for entry and exit of trucks
- Pier depth of 15.5 meters
Preparation of the company towards emission

The reform agreements facilitate the process of an emission of 15% of the company’s value starting with the year 2010. One year later it will be possible to issue additional 49% and total privatization after 15 years.

Passenger terminal

In light of the growth in the activity of passenger liners, the Port of Ashdod Company inaugurated a remodeled passenger terminal with an investment of about $2.5 million, as part of the development and expansion of the passenger liners at the Port of Ashdod. The Port of Ashdod Company recognized the need to develop the passenger liners in the port, and therefore made a decision to expand and substantially improve the terminal. This step is one in a series of company efforts to increase the basket of services provided by the port. It is intended to increase competition and improve the service for our traveling customers. The company’s management sees importance in the development of the passenger activity for the community and the city.

- The Port of Ashdod absorbed during 2006 about 42% of the total passenger liners in Israel
- During January - September 2007, the passenger traffic at the Port of Ashdod was about 156,000 passengers
- During 2007 over 60% of the total passenger liners in Israel was performed at the Port of Ashdod
The Port’s Hinterland

In the Port of Ashdod’s hinterland, there is a leasing potential of about 4,000 dunams of land and the manning possibilities are broad, including the building of logistics centers.

The existing installations in the port’s hinterland:
- A tank farm for the storage and supply of fuels
- Terminals for emptying and containerization of containers
- Areas storage for storage and repair of containers
- Icehouses for the storage of chilled merchandise
- Silos for the storage of grains
- Storage areas for sulfur and coal
- Storage areas for vehicles
- Bonded warehouses - recognized by the customs authorities for partial payment prior to the shipment of goods to customers

Options for occupying of the areas
- Distribution of cargos to customers
- Final assembly of products
- Testing of products and adaptation for customers
- Ships repairs, supply of spare parts and sundries for ships
- Restaurants
- Hotels
- Banks
- Teleport offices (Combining all the means connecting the land transporter, maritime transporter and the final customer)
- Storage of second hand vehicles for maritime transportation
Services provided at the Port

The Port of Ashdod provides the customers with a broad envelope of services, including logistic services, among them:

- Entering ships into the port and anchorage
- Full supply of ship services
- Unloading, warehousing and loading of cargos
- Releasing cargos to the customer
- Emptying containers and containers storage
- In the Port’s hinterland a variety of services; bonded warehouses, citrus and agricultural produce warehouses, icehouse, grain silo, repair and cleaning of containers
- An office complex in the port’s hinterland intended for customers, suppliers and various bodies such as: shipping companies, ship agents, customs brokers, transportation companies, the postal authority and more
- Infrastructures for the anchorage of passenger liners providing a quality service and the handling of passengers and their baggage, including coffee shop, Duty free.
- Night navigation
- Sludge water collection
- An anchorage area west of the port with a depth of 22 - 29 meters
Hours of operation

<table>
<thead>
<tr>
<th>Day</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunday - Thursday</td>
<td>06:30 - 14:30, 15:00 - 22:30; 22:30 - 05:30</td>
</tr>
<tr>
<td>Friday</td>
<td>06:30 - one hour before Saturday entrance</td>
</tr>
<tr>
<td>Saturday</td>
<td>22:30 - 05:30</td>
</tr>
</tbody>
</table>

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