<u>This is an English translation from the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original.</u>

<u>ISRAEL CORPORATION LIMITED</u>

4th June, 2007

Securities Authority | Tel Aviv Stock Exchange

Dear Sirs,

<u>Immediate Report</u>

Further to the Immediate Report of the company dated 27th May 2007 (No. 2007-01-402056) Israel Corporation Ltd. is submitting particulars relating to Globeleq Americas Ltd. (“**the Purchased Company**”) as required pursuant to the Fifth Schedule to The Securities (Periodic and Immediate Reports) Regulations 1970:

The Purchased Company is indirectly owned by an investment fund established by the British government for the development of business in the field of electricity production and supply.

The Purchased Company is a holding company which, by means of subsidiaries and minority holdings (hereinafter “**the Group**”), holds 9 companies that engage in production and sale of electricity in 8 different Latin American and Caribbean countries owning power stations with a total capacity of 2,500 MW.

In the main countries in which the Group is active, since the 90’s the electricity market permits sale and supply of electricity by electricity producers (private and state) to distribution companies and to industrial consumers. As is usual in privatized electricity economies, the sale and supply of electricity in such countries is controlled by regulatory authority which usually includes: independent system administration, independent electricity market control authority, licensing for construction of power stations, licensing of production and sale of electricity by power stations, environmental requirements and frequently a regulatory requirement for the sale of part of the electricity from every power station to distribution companies with price controls so as to ensure stable electricity prices for small consumers.

In these electricity markets the demand for electricity is growing and frequently the demand is reaches close to the maximum production capacity of the market, and therefore, in the opinion of the company, the Group is reasonably protected against competition.

The following is a table of the main companies in the Group that own power stations, the percent of the holding (direct and indirect) of the Purchased Company, the countries in which the companies in the Group operate and the capacity of the company.

The Company	Holding Percentage	Country	Capacity
Edegel S.A.A. ("Edegel")	14.3%*	Peru	1,470 MW
Compania Boliviana de Energia Electrica S.A. ("COBEE")	100%	Bolivia	225 MW
Nejapa Power Company LLC (Nejapa")	87%**	El Salvador	140%

* Indirectly – see paragraph 5 below

** Decreasing to 71% in 12/08 in accordance with an agreement.

In addition there are two Group companies in Peru and in the Dominican Republic which own power stations with a capacity of 170 MW and 66 MW respectively and minority holdings of between 16% - 30% in four countries operating in four other countries in the region.

The following paragraphs contain a brief description of the Group companies in the main countries in which the group operates.

Operations in Peru

Edegel is the largest electricity company in Peru and it is traded on the Lima Stock exchange. The Purchased Company is part of the controlling group that owns 55% of the shares of Edegel. The share of the Purchased Company in the controlling group confers on the Purchased Company indirect ownership of 14.3% of the shares of Edegel.

Eddesa (Chile) Company (that belongs to the Spanish electricity company Eddesa) owns the majority share of the controlling group. There is an agreement between Eddesa (Chile) and between a subsidiary of the Purchased Company that confers on the subsidiary the right to appoint two members of the Board of Directors of Edegel (including a director who holds office as deputy chairman of the board) as well as the financial comptroller of Edegel.

In addition to the holdings in Edegel, the Purchased Company owns 100% of another Peruvian company which during the course of this month will commence commercial operation of a gas operated power station with a 170 MW capacity.

Operations in Bolivia

COBEE is the second largest electricity company in Bolivia. Out of the 225 MW capacity of COBEE, 200 MW come from hydroelectric power stations along rivers in the Zongo and Miguillas valleys in Bolivia. COBEE holds licenses until 2030 for electricity production from the waters of these rivers which in practice confer upon COBEE the possibility to construct more hydroelectric stations in the valleys. Particulars as to the construction and operation of additional hydroelectric stations is a matter for the future and will be dependant on the need for the receipt of permits, finance, the economic situation in Bolivia generally and pressures on the electricity market in Bolivia in particular such as national and regional demand as well as political changes.

Operations in El Salvador

Nejapa is the third largest electricity company in El Salvador. Nejapa owns 27 diesel generators with a total capacity of 140 MW. Nejapa (by means of a 100% owned subsidiary) also owns a fuel import terminal that is leased until June 2007 to its fuel supplier. For the sake of caution the company points out that Nejapa has been sued together with three other defendants for payment of substantial amounts. Nejapa has an indemnity in respect of its exposure to most of these claims and in the opinion of the management of the vendor the chances of the action against Nejapa are small.

Financial Data

The following are figures from the consolidated pro-forma financial statements of the Purchased Company, in millions of dollars, relating to the assets, liabilities, turnover and profit of the companies in the Group in the years 2005 and 2006, as supplied by the vendor.

	2005	2006
Assets	247	486
Liabilities	216	282
Turnover	30	77
Gross Profit	23	36
Operating profit	21	90
Net profit	19	88

The figures for the year 2006 are a proportional part of the financial results of Nejapa which was acquired by the vendor and consolidated for the first time in December 2006.

The companies of the Group prepare their financial statements in accordance with different accounting principles and therefore the figures may be different when the company prepares the statements of the Purchased Company in accordance with IFRS principles.

The company points out that the information included in the report is based upon documents and data provided to the company by the vendor in the course of the tender and the analysis and explanations provided to the company by independent consultants employed by the company in the legal, economic, financial, accounting, taxation and engineering fields.

Yours faithfully,

Noga Yatziv