

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

ISRAEL CORPORATION LIMITED

10th December, 2007
Ref: 2007-1-472831

Securities Authority

Tel Aviv Stock Exchange

Dear Sirs,

Immediate Report

Israel Corporation Ltd. (hereinafter "**the Company**") hereby gives notice that Kallpa Generacion S.A., a company registered in Peru (hereinafter "**Kallpa**"), that is fully owned by the Company and held by means of a subsidiary of the Company – Inkia Energy Ltd. – has entered into a series of agreements with Siemens Power Generation (hereinafter "**Siemens**"), in accordance with which Siemens will act as chief contractor of the engineering, construction and maintenance works of an additional gas turbine with a 192 mega watt capacity.

The turbine is an enlargement of the present project of Kallpa in Peru. Commercial operation of the turbine is anticipated to commence in mid 2009. The series of agreements grants Kallpa an option to engage Siemens in the construction of a third turbine with a 192 mega watt capacity, which if constructed is anticipated to reach commercial operation in 2010.

The total cost of the second turbine is estimated at approximately \$ 90 million. This cost will be funded partly by one of the leading banks in Peru, and the balance from Inkia's own independent resources.

Yours faithfully,

Noga Yatziv