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ISRAEL CORPORATION LTD.

15th March 2007

Securities Authority
22 Kanfei Neshirim St.
Jerusalem, 95464

Tel Aviv Stock Exchange Ltd.
54 Ahad Haam St.
Tel-Aviv, 65202

Dear Sirs,

Immediate Report

Tower Semiconductor Ltd. ("Tower") a subsidiary of Israel Corp. (the "Company") has today announced that it has issued through a private placement to US institutional investors approximately 18.8 million ordinary shares and about 9.4 million warrants for aggregate gross proceeds of approximately \$ 29 million.

In addition, Tower has granted the institutional investors short term warrants to purchase ordinary shares at an exercise price per share equal to yesterday's closing price of Tower's share on the NASDAQ.

As a result of this issue (without accounting for options and warrants) and taking into account the company's investment in capital notes, the company's share in Tower has decreased from 36.6% to 33.7% and has created a capital gain of approximately NIS18 million.

Sincerely yours,

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Noga Yatziv