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

16th August, 2007
Ref: 2007-01-360673

Securities Authority Tel Aviv Stock Exchange

Dear Sirs,

Immediate Report

Israel Corporation Ltd. ("**the Company**") gives notice that following the recent earthquake in Peru and in accordance with an initial report received from the managers of the Peruvian power station owned by the Company by means of Inkia Energy Ltd., a subsidiary of the Company, we are informed that at this stage no damage has been observed in the MW183 capacity power station (hereinafter "**Kallpa**"). The Kallpa Power Station has been shut down in view of some damage to a feeding station and to the network which are not owned by the Company. An up to date evaluation of the damage and an estimate of the time for restoration of activity will be carried out in Peru during the day.

Yours faithfully,

Noga Yatziv