

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 January, 2004

Securities Authority

Tel Aviv Stock Exchange

Dear Sirs,

Immediate Report

Further to: (A) the Immediate Report dated August 3, 2004, in the frame of which notice was given as to a decision made by the Ministers Committee for Economic & Social Affairs (the Social-Economic Cabinet) on 29th July 2004 relating to the split of Oil Refineries Ltd. (hereinafter "**ORL**"), a copy of which decision is attached as **Appendix 1*** to this Report (hereinafter "**the Decision of the Ministers' Committee dated July 29, 2004**"), and (B) the previous Immediate Reports relating to the agreement entered into on December 2, 2002 between the Government of Israel ("**the Government**"), ORL and Israel Corporation Ltd. ("**Israel Corp.**") ("**the Refineries Agreement**"), Israel Corporation hereby gives notice as follows:

1. Amongst other decisions included in the Decision of the Minister's Committee dated July 29, 2004, the Comptroller General of the Ministry of Finance was required to amend Appendix 3 of the Refineries Agreement, which Appendix, on the matter of the split and privatization of Refineries, was signed by the Government and Israel Corporation alone and related to their legal relationship as shareholders of Refineries (hereinafter "**the Original Appendix 3 to the Refineries Agreement**"). In this frame, amendment was required of certain provisions of the Original Appendix 3 to the Refineries Agreement on the basis of the principles agreed in Appendix 1 of the Decision of the Ministers' Committee dated July 29, 2004 (attached to the Appendix as referred to in the footnote below).
2. On the basis of the aforesaid in section 1 of this Immediate Report and further to the negotiations conducted between Israel Corp. and the Government, yesterday evening Israel Corporation notified the Government (by means of the Ministry of Finance) that it agrees to the amendment of the Original Appendix 3 to the Refineries Agreement on the basis of the principles determined in the Decision of the Minister's Committee dated July 29, 2004. The drafting of the final version of the amendment to the Original Appendix 3 to the Refineries Agreement ("**the Amended Appendix 3**") is currently nearing completion, and shortly after signature an additional Immediate Report will be filed.

3. For the sake of good order, Israel Corp. informed the Government that for so long as the Amended Appendix 3 is not signed, the Original Appendix 3 to the Refineries Agreement remains in force, with all repercussions ensuing from same.
4. The representatives of the Company informed the Ministry of Finance that the Company will agree to purchase the holding of the State in Refineries, should it be decided not to split Refineries.

Yours faithfully,

Noga Yatziv

- * A copy of Appendix 1 attached to the Hebrew original of this Immediate Report, may be viewed at the offices of the Company.