

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

ISRAEL CORPORATION LTD.

31st May 2005

Securities Authority
22 Kanfei Neshirim St.
Jerusalem, 95464

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

Dear Sirs,

Immediate Report

On the 30th May 2005, the Board of Directors of the Israel Corporation Ltd., ("the Company") approved the extension of the agreement for management services to the company, by the President & CEO of the company, through his wholly owned company, for an unlimited period.

It was agreed that each side has the opportunity to end the agreement by an early announcement of six months.

Sincerely yours,

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Noga Yatziv