

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

3rd November, 2005

Securities Authority

Tel Aviv Stock Exchange

Dear Sirs,

Immediate Report

Further to the previous Immediate Reports relating to Oil Refineries Ltd. ("**ORL**"), the Company gives notice as follows:

1. Following negotiations between the Company and the Government relating to Refineries, the parties have reached a draft agreement ("**the Agreement**"), the main points of which are as follows:
 - 1.1 Within 90 days of the signature of the agreement, the Company will sell to the State the shares of the Company in ORL (26%) and in consideration for such shares, the State will pay to the Company NIS 570 million (the average of the valuations presented to the parties), such amount being linked to the Consumer Prices Index with the addition of 6% per annum interest (commencing 1.7.03 until actual payment) ("**the Consideration**").
 - 1.2 Once the Agreement has been signed and before closure, ORL will distribute a dividend to all of its shareholders in an amount in Shekels equivalent to 100 million Dollars and the Company will receive 26% of this amount that will be set off against the Consideration that the Company is to receive (bye-law amounts of dividend will not be set-off against the Consideration).
 - 1.3 The parties have in addition agreed that the Company will have the right to institute any legal proceedings as it may deem fit in all matters relating to the Consideration for the shares and rights of the Company in ORL, and in such case the Government will have the right to institute any legal proceedings as it may deem fit in all matters relating to the Consideration for the shares and rights of the Company in ORL.
2. For the purpose of clarification – the Agreement will be signed after the receipt of all the approvals that are in the opinion of the State required by law in order to give effect to the Agreement.

Yours faithfully,

Noga Yatziv