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ISRAEL CORPORATION LIMITED

23rd August, 2007
Ref: 2007-1-370357

Securities Authority

Tel Aviv Stock Exchange

Dear Sirs,

Immediate Report

Israel Corporation Ltd. gives notice that on 23rd August 2007 the Board of Directors of the Company approved the participation by the Company in a venture for the operation of electric motor vehicles. The initiative for the establishment of the venture comes from a group of investors headed by Mr. Shai Agassi. The proposed investment in the venture by the Company is \$ 100 million out of an amount of \$ 200 million to be invested by various investors in the first stage of the venture. In consideration for its investment in the venture, the Company will own 33.33% of the rights in the venture.

Participation by the Company in the venture is subject to technical and legal due diligence and to the completion of other examinations as well as fulfillment of other conditions. The Board of Directors of the Company gave approval to the management of the Company to carry out the examinations required for the purpose of making the investment in the venture in an amount not to exceed \$ 2 million.

The findings of the various examinations and details of the agreement to be formulated with the additional investors will be brought before the Board for the receipt of final approval before making the investment as aforesaid.

Yours faithfully,

Noga Yatziv