

**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**

27<sup>th</sup> May, 2007

Securities Authority

Tel Aviv Stock Exchange

Dear Sirs,

Immediate Report

Further to the Immediate Report of the Company dated 13<sup>th</sup> May 2007, the Company hereby gives notice it was successful in the tender that is the subject of the said report and that last night an agreement was entered into in London between the company and DS Constructions Ltd. of India (hereinafter “**DS**”) of the one part, and between Globeleq International Ltd. (hereinafter “**the Vendor**”) of the other part, whereby the Company and DS (by means of a joint company to be set up by them in equal shares) will purchase from the Vendor all of its shares and rights in Globeleq Americas Ltd. that is registered in Bermuda (hereinafter “**the Company Purchased**”). The Company Purchased, by means of affiliated companies, owns a number of companies that engage in the production and sale of electricity in several Latin America and the Caribbean countries. The total capacity of the power stations directly and indirectly owned by the Company Purchased is in excess of 2,000 MW. The Company has entered into an agreement with DS with regard to their relations in the joint company (see paragraph 8 below).

Details of the transactions are as follows:

1. The total consideration of the transaction is \$ 568 million plus interest at the rate of LIBOR + 5% commencing 1.1.07 until completion of the transaction. The Vendor is entitled to an addition to the consideration in respect of investments in the shareholders' equity of the Company Purchased in excess of \$ 5 million made by the Vendor after 1.1.07.
2. The Completion Date of the transaction has been fixed for 18<sup>th</sup> June 2007 on which date the whole of the consideration will be paid in cash.
3. The consideration was fixed in the tender process and the calculations of the Company were based on capitalization of the cash flow of the Company Purchased and in accordance with multiples customary in the electricity production market in the various countries of the power stations.

4. The preliminary conditions for completion are an internal reorganization by the Vendor, consent of the bank accompanying one of the projects of the Company Purchased to a change in ownership of the Company Purchased and consent by the fiscal authority of Bermuda that is required for the purpose of money laundering laws in Bermuda.
5. The Company is in contact with banks for the purpose of obtaining non-recourse finance for the transaction but there is no certainty that it will be possible to obtain such finance up to the completion date. Furthermore the participation of DS in the purchase requires the receipt of consent by the authorities in India, and if DS does not receive the consents up to the Completion Date, the Company will pay the consideration in full on the Completion Date out of its own liquid resources and receipt of finance with recourse to the Company and/or without recourse.
6. To the best of the knowledge of the Company, execution of the transaction does not involve payment of tax or levies.
7. It is the intention of the Company to make use of the Company Purchased as a platform for the expansion of activity in the production and sale of electricity in area of Latin America and the Caribbean as well as in other areas of the world.
8. The agreement with DS specifies that the joint company will be owned by them in equal shares. Performance of the purchase by DS involves obtaining consents from the authorities in India. The Company has agreed that if on the Completion Date DS has not received all of the necessary consents, DS will have an option valid until 2.9.2007 to purchase up to 50% of the shares of the joint company (subject however to payment of a minimum amount to the Company for purchase of percentages in the joint company) at cost price of the investment of the Company (including by means of recourse loans) with the addition of interest at the rate of 2% above the interest on the non-recourse finance offered to the joint company.

At the same time the Company is negotiating with DS as to the expansion of their cooperation with regard to energy projects that DS is to carry out in India.

In view of the short notice given to the Company as to its success in the tender and signature of the sale agreement, the Company will augment the present Report within a few days by a detailed description of the Company Purchased as required by the Fifth Schedule to the Securities (Periodic and Immediate Reports) Regulations 1970.

Yours faithfully,

Noga Yatziv