

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

Israel Corporation Ltd. (the "Company")

June 30, 2008

To:
The Securities Authority
By Magna System

To:
The Tel Aviv Securities Exchange Ltd.
By Magna System

Dear Sir/Madam,

Re: **Immediate Report**

The Company wishes to report that the Company's audit committee and board of directors held discussions on the request of Ofer (Energy Holdings) Ltd. ("**Ofer Energy**") – a company held by companies related to the controlling holders in the Company – for an offer to conduct negotiations to purchase 80% of the shares of O.P.C. Rotem Ltd. ("**O.P.C.**") held by Ofer Energy. As stated in the request, O.P.C. intends to enter into a contract with the Israel Electric Company Ltd. to construct a power station on the Rotem Plain ("**the Project**"). Furthermore, it was stated in the request of Ofer Energy that it is in the midst of negotiations with Dalkia Israel Ltd. ("**Dalkia**") to have Dalkia join as an additional partner in the said Project. Considering the Company's policy regarding its entry into the field of electricity production in Israel, and in light the extensive activities already, at present, being conducted by the Company in the electricity production field in South America through its subsidiary *Inkia*, and considering the fact that Dalkia (with an international professional reputation) may become a shareholder in O.P.C., the Company's management has been authorized to conduct a due diligence of O.P.C. and the Project and also to simultaneously enter into negotiations with Ofer Energy for the purchase of O.P.C. shares. Based on the results of the due diligence and the results of the negotiations to be held between the parties, the engagement will be brought for discussion and approval by the appropriate corporate organs and the reports as required by law will be filed.

Sincerely,

Noga Yaziv