

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

Israel Corporation Ltd.

Registrar Number: 520028010

Securities of the Corporation are listed in the Tel Aviv Stock Exchange

Sort name: Israel Corporation

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January 8, 2009

To:
The Securities Authority
via MAGNA

To:
The Tel Aviv Stock Exchange Ltd.
via MAGNA

Dear Sir/Madam,

Re: **Immediate Report – Transfer of \$20 Million to Tower**

Further to the Immediate Reports of the Company dated August 20, 2008 and September 25, 2008 (hereinafter: the "**Previous Reports**"), the Company hereby reports that on January 7, 2009, a sum of USD20 million has been transferred to Tower Semiconductor Ltd. (hereinafter: "**Tower**") pursuant to the Company's obligation to provide Tower, in circumstances detailed in the Previous Reports, from time to time, with amounts, the sum of which will not exceed USD20 million. The said amount was transferred in exchange for the issuance of capital notes, exercisable into shares of Tower. The amount of shares that may be converted, as deriving from the capital notes, shall be calculated according to a price per share of NIS 1 (according to Representative Exchange Rate of the USD known on the payment day), which is the par value of Tower's shares.

Sincerely,

Noga Yatziv