

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.

Israel Corporation Ltd.

Millennium Tower, 23 Aranha Street, P.O.B. 20456, Tel-Aviv 61204
Tel: 03-6844517, Fax: 03-6844587

Adv. Maya Alchek Kaplan

General Counsel (In house) and Company Secretary

December 19, 2011

TO:

THE SECURITIES AUTHORITY

THE TEL AVIV STOCK EXCHANGE LTD.

THROUGH THE MAGNA SYSTEM

THROUGH THE MAGNA SYSTEM

Dear Sir/Madam,

Re: Immediate Report – Negotiation with Development Energy

Further to the immediate report dated October 4, 2011 (Reference 2011-01-291558), the Company hereby reports that after the parties did not reach agreements on several issues, it was agreed between the Company and The Israel Land Development Company – Energy Ltd to terminate the negotiations between them. The parties do not overrule the renewal of the negotiations in the future.

Sincerely,

Israel Corporation Ltd.