

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.

Millennium Tower, 23 Aranha Street, P.O.B. 20456, Tel-Aviv 61204

Tel: 03-6844517, Fax: 03-6844587

ISRAEL CORPORATION

Adv. Noga Yatziv

Company Secretary and Assistant to the President

August 18, 2009

To:

The Securities Authority

via MAGNA

To:

The Tel Aviv Stock Exchange Ltd.

via MAGNA

Dear Sir/Madam,

Re: **Immediate Report Pursuant to the Immediate Report dated August 2, 2009**

Pursuant to the Immediate Report (Transaction Report) that was published by Israel Corporation Ltd. (the "**Company**") on August 2, 2009 ("**Transaction Report**"), the Company hereby reports that in response to its reasoned and detailed application to the Israeli Securities Authority regarding the lack of personal interest to Bank Leumi Le-Israel Ltd. ("**BLL**") in approving the transaction which is the subject of the Transaction Report, on August 17, 2009 the Israeli Securities Authority has informed it its position according to which BLL has a personal interest in approving the said transaction, and that the votes of BLL should not be included in reckoning the requirement of one third of all the votes of the shareholders not having a personal interest in approving the said transaction, in accordance with section 275 of the Companies Law, 5759-1999 ("**Companies Law**"), this in light of the position of the Israeli Securities Authority whereby the controlling shareholders of the Company have personal interest in approving the said transaction (the "**Authority Resolution**").

In the Company's opinion there is a doubt whether the controlling shareholders of the Company have personal interest in approving the transaction which is the subject of the Transaction

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

Report, and the General Meeting was convened out of conservative approach all as specified in the Transaction Report. Furthermore the Company is in the opinion that even if the circumstances had required convening a General Meeting according to section 275 of the Companies Law, no personal interest in approving of the said transaction should be attributed to BLL, and this is also the position of BLL, as was conveyed to the Company orally.

The Company considers appealing the Authority's resolution, and according to the results of the appeal it shall be determined whether the controlling shareholders of the company and BLL should be regarded as having a personal interest when voting in the General Meeting which is the subject of this Transaction Report.

Sincerely,

Noga Yatziv.