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

November 16, 2009

To: To:

The Securities Authority The Tel Aviv Stock Exchange Ltd.

<u>via MAGNA</u> <u>via MAGNA</u>

Dear Sir/Madam,

Re: Completion of a Transaction for a Sale of 25.1% of a Subsidiary in South America - a Financial Closing of the Project for Expansion of the Manufacturing Capacity of the Subsidiary.

Further to the Immediate Report of Israel Corporation Ltd. (hereafter: the "Company") dated October 21, 2009 (Reference No. 2009-01-260979), the Company hereby notifies that on November 13, 2009, Kallpa Generacion S.A. (hereafter: "Kallpa"), a wholly owned indirect subsidiary of the Company, has completed the financial closing of the project for expansion of the existing manufacturing capacity of Kallpa in an additional 280 megawatt in a total cost of 400 million U.S Dollars of out of which a debt in the amount of 227 million U.S Dollar was raised *via* banks and issuance of bonds. The financial closing constitute also the completion of the fulfillment of the suspending conditions for the capital injection by Quimpac S.A. pursuant to the agreement in which Kaplla has agreed to allocate 25.1% of the its issued share capital to Quimpac S.A. as was reported by the Company in the said report. Therefore, the Company is expecting to write in its results of this quarter, a capital gain in the estimated amount of 34 million U.S Dollars as a result of the said agreement with Quimpac, as was reported by it in the said report.

Sincerely,

Noga Yatziv