

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.

Registrar Number: 520028010

**Form 054
Public**

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

Sort name: Israel Corporation

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To:
The Securities Authority
www.isa.gov.il

To:
The Tel Aviv Stock Exchange
www.tase.co.il

Immediate Report regarding Event or matter that deviates from the corporation's ordinary course of business which submission was delayed in accordance with regulation 36(b) of the Securities Regulations (Periodic and Immediate Reports), 1970

The Event: ICP - Sale of Edegel

1. The Company hereby announces that Inkia Americas Holdings Ltd., indirect subsidiary of IC Power Ltd., which is wholly owned by the Company, signed on April 30, 2014 together with IC Power as guarantor to the sellers' commitments on a share selling agreement with the company Enersis SA. According to the agreement, IC Power shall sell its holdings in the company Inkia Holdings (Acter) Limited, which holds, indirectly, 39.01% of the company Generandes Peru SA the controlling shareholder in the company Edegel SA in consideration of a sum of USD 413 million. In addition, the Company has a right to receive a dividend according to its pro-rata holding in Edegel SA for the period until the transfer of the shares to Enersis, in the event that a dividend distribution will be resolved. The execution of the agreement is subject to the fulfillment of certain conditions precedent, which are customary in such transactions. Upon execution of the agreement the consideration will be paid in cash in exchange to the transfer of the shares.

Upon the closing of the transaction and as a result of the sale of Inkia Holdings (Acter) Limited, IC Power shall transfer to Enersis all of its holdings in the following companies: Southern Cone Power Ltd.; Latin America Holding I Ltd.; Latin America Holding II Ltd.; Southern Cone Power Peru SAA; Generandes Peru.

IC Power holds, indirectly, 21.14% of the share capital of Edegel SA, a Peruvian company which holds and operates power plants in Peru with production capacity of approx. 1,657 Megawatt.

Due to the aforesaid sale, if and as long as it shall be consummated, the Company shall acknowledge a profit of approx. USD 88 million.

2. The reason for which the submission of the report was delayed:

The Company delayed the immediate report on the negotiations with the purchasing company in order to avoid any harm to the negotiations or the frustration of the engagement in the transaction.

3. On April 30, 2014 at 21:48 the prevention from reporting was removed.

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alcheh-Kaplan

Position: Vice President, General Counsel and Company Secretary

Date of signing: May 1, 2014