

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 121
Public**

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

Sort name: Israel Corporation

Address: P.O.B. 20456, Tel Aviv 61204

Tel: 03-6844517, 6844500, Fax: 03-6844587

Email: MAYAAK@ISRAELCORP.COM

Date of Transmission: 19/09/2010

Reference: 2010-01-623907

To:
The Securities Authority
via MAGNA

To:
The Tel-Aviv Stock Exchange Ltd.
via MAGNA

Dear Sir/Madam,

Re: Immediate Report - Increasing of The Company's holdings in EDEGEL

The Company hereby reports that its subsidiary, Inkia Energy Ltd. (hereinafter: "**Inkia**"), will purchase shares that will increase its indirect holdings in Edegel, from approx. 14% up to approx. 25%, this in three steps.

Edegel is the largest electric manufacturer in Peru and has generation capacity of Approx. 1,700 megawatts. Edegel has 7 hydroelectric power stations in generation capacities between 30 to 250 megawatts each one, and 7 thermal power stations. Edegel is a public corporation which shares are traded in the Lima exchange and its controlling shareholder is the Italian Enel, one of the largest electric manufacturers in the world.

The first step - further to the demand of the Council for Supervision and Regulation of Securities in Peru (hereinafter "**the Council**") to file a tender offer for purchasing Edegel shares, as detailed in article 11.2.11(a) of the Annual Report of the Company for 2009, Inkia received on Friday (17.9.2010) a notice from the Council according to which the tender offer will be limited to the purchase of up to 3.47% of Edegel shares held by the public. Inkia intends to act in accordance with the Council resolution. According to the law in Peru, Edegel value for the purpose of the tender offer will be determined by an appraiser who will be nominated by the Council in the near future. The Company is unable to evaluate at this point the cost of the share purchase or the amount of the purchased shares. The tender offer cost, **to the extent it will be fully accepted**, and according to known share price in the Lima Exchange, is USD 47 million.

The second step will be executed by exercising a right of refusal to purchase shares in a company which holds (through other companies) approx. 6.4% of Edegel shares ") in consideration of USD 50 million. The shares will be purchase from partners in the holding company which are unrelated third parties. The exercise notice was delivered to the holding company on Friday (17.9.2010).

In addition, the Company approached the other shareholder of the holding company with an offer to purchase his shares (representing approx. 0.4% of Edegel shares) in a price which represents the same value for Edegel as proposed to the other shareholders of the holding company.

The date when the event first became known to the corporation: 19/09/2010, time: 17:00.

Reference of former documents in this regard (referring does not constitute incorporation by reference):

Former name of reporting entity:
The Israel Corporation Ltd.

Form structure updated 07/09/2010

Name of Electronic Reporter: Maya Alcheh Kaplan. Adv. Position: General Counsel (In House) and Company's Secretary. Aranha 23, Millennium Tower, Tel Aviv 61204. Phone – 03-6844517, Fax: 03-6844587, e-mail – mayaak@israelcorp.com