

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

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Date of Transmission: 03/10/2010

Reference: 2010-01-632460

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

Further to the immediate report dated 21 September 2010 (ref. no.: 2010-01-623907), the Company hereby reports that its subsidiary, Inkia Energy Ltd. (hereinafter: "**Inkia**"), has completed the shares purchase that increased its indirect holdings in Edegel from approx. 14.35% up to approx. 25.2% (indirectly), in a total consideration of approx. USD 53 million.

The shares purchase was executed by exercising a right of first refusal to purchase shares in a company which holds (through other companies) approx. 6.4% of Edegel shares, and by acquiring additional shares (representing approx. 0.4% of Edegel shares) from another shareholder of the holding company. The said shares were purchased from shareholders of a holding company which are unrelated third parties.

As reported, Inkia, the Company's subsidiary, is expected to purchase up to 3.47% of Edegel shares by the way of a public Tender Offer. According to the law in Peru, Edegel's value for the purpose of the Tender Offer will be determined by an appraiser who will be nominated by the Peruvian Council for Supervision and Regulation of Securities. To Company's best knowledge, the said appraiser has not been nominated yet and therefore the Tender Offer process has not been commenced yet.

Sincerely,

The Israel Corporation Ltd.

The date when the event first became known to the corporation: 28/09/2010, time: 18:00.

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