

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

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

Public

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: 06/11/2011

Reference: 2011-01-317103

To:

To:

The Securities Authority

The Tel Aviv Stock Exchange

www.isa.gov.il

www.tase.co.il

**Immediate Report – Entry into Contractor Agreements for Establishing
Hydroelectric Station**

Further to the immediate report published by the Company on 27.3.2011 (Reference 2011-01-092862) and in accordance with the quarterly statement of the Company dated June 30, 2011, section 5.3, the Company hereby reports that on November 4, 2011, Cerro del Aguila SA, which I.C Power Ltd., a subsidiary of the Company, holds indirectly 75% of it, entered into contractor agreement (EPC) ("**Contractor Agreement**") for establishing hydroelectric power station ("**Hydroelectric Power Station**") with Astaldi (Italy) – Grana y Montero (Peru) consortium ("**the Contractor**"). According the Contractor Agreement the Hydroelectric Power Station will have a capacity of a-510 megawatts. The scope of the Contractor Agreement for establishing the Hydroelectric Power Station is USD 680M. On the day of signing the agreement, the Contractor was instructed to begin preliminary works, in non-material amount, before the entry into force of the Conditions (as defined hereinafter). The period of the establishment of the Hydroelectric Power Station, according to the Contractor Agreement, was set for 4 years from the date of giving the aforesaid instructions of beginning the preliminary works. During a period of 6 months, the Contractor Agreement can be cancelled if the conditions

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

("the Conditions"), including, financial closing of the establishment of the Hydroelectric Station and the completion of the update of the environmental impact survey, will not be fulfilled. There is no certainty that the conditions will be fulfilled and the Hydroelectric Power Station will be established as contemplated in the Contractor Agreement.

The date when the event first became known to the corporation: 04/11/2011, time: 11:00.

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 04/09/2011

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