

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.**

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Millennium Tower, 23 Aranha Street, P.O.B. 20456, Tel-Aviv 61204  
Tel: 03-6844517, Fax: 03-6844587

### **Adv. Maya Alchek Kaplan**

General Counsel (In house) and Company Secretary

December 19, 2011

TO:

THE SECURITIES AUTHORITY

THE TEL AVIV STOCK EXCHANGE LTD.

THROUGH THE MAGNA SYSTEM

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Dear Sir/Madam,

### **Re: Inkia – Winning Hydroelectric Bid**

Further to the immediate reports of the Company dated March 27, 2011 (Reference 2011-01-092862) and November 6, 2011 (Reference 2011-01-317103) and further to that stated in section 8 of the quarterly report of the Company as of September 30, 2011, the Company hereby reports that Inkia Energy Ltd. ("**Inkia**"), a subsidiary of the Company (indirectly), has won (through its subsidiary) a bid for the supply of electricity in Peru, in a scope of 200 megawatt, whereby Inkia shall supply electricity to a privately owned distribution company. The supply period is 10 years, starting at 2018. The annual scope of the bid is approx. USD 70 million (the scope of the bid for the entire period is approx. USD 100 million). Winning the bid for the electricity sale agreement will assist Inkia to progress with the financial closing and other matters in connection with the establishment of the contemplated project, Cerro del Aguila, the projected scope of which is 500 megawatt with an estimated cost of investment of approx. USD 900 million. This agreement joins the previous agreement for the sale of 200 megawatt for 15 years, signed in March 2011.

Sincerely,

Israel Corporation Ltd.