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The Israel Corporation Ltd.

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's Secretary

ISRAEL CORPORATION

May 9, 2010

To:
The Securities Authority
via MAGNA

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

Dear Sir/Madam,

Re: Immediate Report – Appointment of Contractor for Power Station

Further to the Company's Immediate Report dated April 29, 2010 (Reference No. 2010-01-464316), the Company respectfully reports that I.C. Power Ltd., through the subsidiary O.P.C. Rotem Ltd. ("**OPC Rotem**") engaged on May 7 2010, in an Intents Agreement according to which the operating contractor for the project of building the power station in Rotem Plateau in the Negev will be the Korean company **Daewoo**. The equipment which will be use for building the power station will be supplied by the Japanese company **Mitsubishi**, one of the world's largest manufactures in the power stations field.

The operating contractor and the equipment supplier were elected following an examination and a bid process held by OPC Rotem, with the professional assistance of the Inkia's team, a subsidiary of I.C. Power, which is an expert in building power stations, producing and selling electricity in Lima, Peru.

The station will be built in the Turn Key method. According to this method the operating contractor, the Korean company Daewoo, will be responsible for planning, building and supplying the equipment in a price and schedule fixed in advance with a guarantee as to the performance of the station. The parties agreed on the key commercial terms, including the scope of the power station, building prices, maintenance agreement for the main parts for a period of up to 15 years, performance of the station and schedule. The payment for the long term maintenance agreement for the main parts of the power stations will be spread over a period of up to 15 years, and will be paid directly to Mitsubishi.

The power station will produce approx. 440 megawatt. The scope of agreements with Daewoo and Mitsubishi is estimated in an amount of approx. 470 million dollars. The works in the

building site are planned to begin by the end of 2010. The trial period of the power station is planned to begin during the second half of 2012 and the commercial operation is planned to begin in December 2012.

In addition, in the framework of a detailed agreement OPC Rotem will receive an option, for the building of additional identical station, at the same price, if it will decide to build such station in Israel in the next 18 months.

According to the binding agreements to be signed, if and to the extent signed, the equipment and building cost of the operating contractor is less than 850 dollars for **Kilowatt**.

Following the signing of the Intents Agreement the parties shall take actions for the execution of binding agreement by June 22 2010. The detailed agreement shall stipulate the dates of the advance payments. The completion of the binding agreements will be subject to the fulfilment of certain conditions precedent.

Sincerely,

Maya Alcheh Kaplan, Adv.