

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: 27/06/2010

Reference: 2010-01-533607

To:  
The Securities Authority  
via MAGNA

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

Dear Sir/Madam,

**Re: Immediate Report - OPC Rotem entry into agreements for establishing a power station in Rotem Plateau**

Further to the immediate reports dated 29.4.2010, 9.5.2010 and 22.6.2010, and in accordance with the report provided to the Company by O.P.C Rotem Ltd., ("OPC"), the Company hereby reports that on June 27, 2010, in the evening, OPC, a subsidiary of the Company in which it holds 80% of the shares, entered into detailed and binding contracts with Daewoo International from Korea ("Daewoo") for the construction of a combined cycle power plant with generation capacity of an approx. 440MW, on a Turn-Key basis ("Construction Agreement"), and with Mitsubishi Heavy Industries of Japan ("MHI") for the long term maintenance of the power plant after its commercial operation, for a period of approx. 12 years ("Maintenance Agreement"). The aggregate cost of both agreements totals approx. USD 440 million<sup>1</sup>.

According to the Construction Agreement, Daewoo has undertaken to complete the construction of the power plant by December 2012. The commencement of construction is contingent upon receipt of the necessary building permits to start construction and the grant of "work commencement order" by OPC. The Company intends to finance the construction through its own capital and financing to be granted by financial institutions, and estimates that the commencement of construction is expected to occur towards the end of 2010<sup>2</sup>. Payment of the consideration by OPC to Daewoo will be made upon achievement of construction and progress milestones as customary in the industry. Daewoo has undertaken to pay compensation to OPC in case of delays or failure to meet performance guaranties up to caps stipulated in the contract, and will provide OPC with bank guaranties to secure its obligations, as customary in the industry. In

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<sup>1</sup> The binding amounts are set in different foreign currencies and therefore the exact consideration sum is subject to the exchanging rates in the relevant payments terms.

<sup>2</sup> The date of the commencement of construction is Looking Forward Information, and there is no certainty as to its realization.

addition Daewoo will have manufacturer's warranties provided to OPC for periods customary in the industry.

According to the Maintenance Agreement, MHI will carry out the planned and unplanned maintenance of the main components of the power plant (a Gas Turbine, Steam Turbine and Generator), for a period of 12 years, in consideration set in advanced which shall be paid throughout the agreement period according to the calculation set in the agreement. The Maintenance Agreement is conditional upon the achievement of commercial operation of the power plant. The Maintenance Agreement also covers the certain guarantees for the reliable operation of the power plant. MHI has undertaken to pay compensation to OPC in case of failure to meet such guaranties, and, in turn, OPC has undertaken to MHI pay bonus sums in case of improved performance due to the maintenance by MHI - up to annual and overall caps stipulated in the contract. It shall be noted that OPC's obligations under the Maintenance Agreement will be guaranteed by IC power Ltd., the parent company of OPC (and a subsidiary of the Company).

Daewoo and MHI have also granted an option to IC Power, for a period of 18 months, to enter into construction and maintenance agreements for a second power plant substantially upon the prices and terms and conditions agreed upon with respect to the Rotem project, subject to certain adjustments that may be required regarding the additional project. Respectively, IC Power will be obligated to address Daewoo and MHI to the extent it will be interested in initiating a new IPP project during the abovementioned option period.

For further details see the abovementioned immediate reports and also the "transaction report" dated 17.11.2009 and the correction report dated 14.12.2009

The date when the event first became known to the corporation: 27/06/2010, time: 20:00.

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 15/06/2010

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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](mailto:mayaak@israelcorp.com)