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.

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

Adv. Maya Alcheh Kaplan
General Counsel (In house) and Company Secretary

March 27, 2011

TO:

THE SECURITIES AUTHORITY
THROUGH THE MAGNA SYSTEM

THE TEL AVIV STOCK EXCHANGE LTD.
THROUGH THE MAGNA SYSTEM

Dear Sir/Madam,

Re: Inkia – Winning Hydroelectric Bid

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 by new hydroelectric stations in Peru, in a scope of 200 megawatt, whereby Inkia shall supply electricity to the electricity company owned by the government of Peru. The supply period is 15 years, starting from the beginning of the supply, which is expected to be on the second half of 2015. The annual scope of the bid is approx. 75 million dollars (the scope of the bid for the entire period is approx. 1.1 dollars). For the purpose of participation in the bid, the Company has provided bank guarantee as requested under the bid. Winning the bid for the agreement to sell electricity, will assist Inkia to progress with the financial closing and other matters, relating to the establishment of the contemplated project, Cerro del Aguila, the projected scope of which is 400 megawatt with an estimated cost of investment of approx.750 million dollars.

Sincerely,

Israel Corporation Ltd.