

14:09 1 Israel Corp and related companies?
 2 A. I'm currently the CEO of Israel Corp and the executive
 3 chairman of Israel Chemicals, one of the largest global
 4 providers of fertilisers. And over the last two decades
 5 I was the CEO of a private equity related to IC Power,
 6 working mainly on acquiring companies, working with
 7 management on profitable growth. And among that, I was
 8 the executive chairman of IC Power.
 9 Q. Mr Doppelt, as part of that experience that you
 10 mentioned, what was your background with acquisition
 11 processes and corporate growth?
 12 A. As I mentioned, I was very much involved in profitable
 13 growth of companies. And when you put in plans,
 14 strategic plans for companies, you are identifying what
 15 are the holes in the strategy, and you are putting plans
 16 that combine organic growth and non-organic growth. And
 17 in order to fill those holes that you cannot develop
 18 internally, you are performing acquisition. And we have
 19 done it many times with companies that I was involved
 20 in.
 21 Q. In that context, Mr Doppelt, tell us about
 22 Israel Corporation's establishment of IC Power and its
 23 business as a global energy company.
 24 A. Israel Corporation established IC Power as the
 25 cooperative in Israel in 2010. And this is an Israeli

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14:11 1 company with a global presence in power generation,
 2 mainly Latin America, Israel, and we had also
 3 aspirations to go after opportunities in Asia.
 4 Q. You mentioned in your witness declaration, Mr Doppelt,
 5 that while you were on the board of IC Power, you learnt
 6 about the potential acquisition of the Guatemalan
 7 electricity distributors. What was the strategic
 8 objective of IC Power in connection with that potential
 9 acquisition?
 10 A. Working on strategic plan of IC Power and also the
 11 preparation of IC Power to an IPO in New York, we
 12 thought that we will need to increase the revenues, but
 13 also to balance it. With distribution, you can balance
 14 your revenues; generation has more fluctuation because
 15 of the local tariffs. In distribution, the revenues are
 16 more stable. It was not a must, but we saw that some
 17 (indistinct) as distribution.
 18 So we asked management and also, on discussion with
 19 management, the idea [was] brought up to try to go after
 20 distribution opportunities, again in order to balance
 21 our revenues. And with the right opportunity, we
 22 decided to go ahead with that.
 23 Q. Based on those strategic objectives and your experience
 24 with prior acquisitions, how did IC Power approach the
 25 assessment of this potential acquisition and the related

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14:12 1 due diligence process?
 2 A. Again, it is common practice and, as we are doing
 3 always -- also working among public companies
 4 environment -- we are gathering the right team for us.
 5 What we have done then, we gathered a very experienced
 6 team in distribution that we brought ad hoc to the due
 7 diligence team; and also we engaged with international
 8 firm and local firm to help us gather all the
 9 information.
 10 And we as the board, of course, and I as the
 11 chairman, we are monitoring this process by sounding --
 12 being a sounding board, ad hoc discussions on issues;
 13 and also, of course, getting the final approval, after
 14 management is providing all the information and we are
 15 getting the deck, and then approving the transaction.
 16 Q. When you first heard about this opportunity as a member
 17 of the board, was there any pressure to get this deal
 18 done? How did it fit into the overall growth plan?
 19 A. As I mentioned, it was not a must. No pressure on that.
 20 We thought that in order to balance our revenues, as
 21 said, we would need to find a distribution opportunity.
 22 But this is really not a must. We had a very good
 23 portfolio of generation, creating a very nice growth in
 24 profitability, and we thought that we can go to IPO.
 25 Going to distribution is an add-on, but really not

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14:14 1 a necessity.
 2 Q. Mr Doppelt, you mention in your witness statement that
 3 there were various issues that were considered as part
 4 of this due diligence process, like any due diligence
 5 process. How did tax treatment fit into that
 6 assessment?
 7 A. Usually when you are going through an acquisition, tax
 8 of course is something that you are checking in terms of
 9 the impact on the cash flow, the model of the
 10 acquisition. And usually we are taking -- as we have
 11 done in this case -- an international firm, together
 12 with a local firm, to analyse for us the tax
 13 implication. And we also expect the international firm
 14 to rely on government practice and government indication
 15 in order to make sure that the opinion that they are
 16 giving us is of substance.
 17 Q. So why did you ultimately understand that there were no
 18 tax issues of concern related to this potential
 19 acquisition? Why did you have confidence in your team?
 20 A. First of all, as I said, we gathered a very experienced
 21 team. And also what we have done, we put the -- I mean,
 22 PwC is the international team, and also management.
 23 I worked with this management of IC Power for a couple
 24 of years. They understood our DNA: that every issue
 25 that is material should be flagged, because we have our

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