

This is an English convenience translation from the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original.

Israel Corporation Ltd.

Registrar Number: 520028010

Form 081

Public

Securities of the Corporation are listed in the Tel Aviv Stock Exchange

Sort name: Israel Corporation

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To:

The Securities Authority

www.isa.gov.il

To:

The Tel Aviv Stock Exchange

www.tase.co.il

Immediate Report on Distribution of Cash Dividend for Securities

Regulation 37(a) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

1. We wish to report that on *March 28, 2012* it was resolved to distribute a dividend that will be paid on the Company's securities:

• **Shares**

Other Securities (such as Financial Instruments)

2. The amount of the dividend to be paid is *120,000,000 US Dollars*.

3. The balance of the Corporation's profits, as defined in Section 302 of the Companies Law, 5759-1999, following the distribution detailed in this report, amounts to *1,825,000,000 US Dollars*.

4. Procedure for approval of distribution of the dividend: *see the attached document*.

5. The Determining Date (the "Com" date) is *April 16, 2012*

The dividend distribution date is *May 1, 2012*

6. Details of Payment:

• **Tax will be deducted from the dividend in Israel only.**

No. of eligible Security	Name of Security	Amount of dividend per Security	Currency of dividend	Currency of payment	Date of exchange rate for payment	% individuals Tax Rate	% Corporate Tax Rate
576017	Ordinary Share 1	15.58751	USD	NIS	_____	15.00	15.00

Notes:

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1. *The sum in Section 6 is not final. The exact sum of the dividend per share in NIS will be calculated according to the Representative Exchange Rate of the USD on the Payment Date (1.5.2012).*
2. *The Sum in Section 2 is in USD*
3. *The dividend will be paid in NIS.*
4. *The Sum of dividend includes dividend of behalf of shares held by a company which is held by the Company.*
5. *The rate of tax withholding for foreign citizens is 4% due to incomes derives from Approved Enterprise through "Ireland Course".*

7. Composition of the sources of the dividend

	% of the dividend
Ordinary income	0
Approved enterprise	100
Income originating from abroad	0
Income for land appreciation, capital gains and depreciation	0
Extraordinary income	0

Dividend derives from Approved Enterprise is fully (100%) through "Ireland course".

8. The number of dormant shares of the corporation which are not entitled to payment of the dividend and in respect of which the corporation has to provide a letter waiving dividend receipt 0.
9. The effect of the dividend distribution on convertible securities:

The Company does not have convertible securities

The distribution of dividend has no effect on the convertible securities

- **The effect of the distribution of dividend on the convertible securities is as follows:**

Name of Security	No. of Security	Remarks
<i>Options plan 2007</i>	<i>5760194</i>	<i>Exercise price adjustment</i>
<i>Options plan 2010</i>	<i>5760210</i>	<i>Exercise price adjustment</i>

10. Additional details regarding the distribution of dividend in accordance with the Israel Securities Authority's instruction pursuant to Section 36A of the Law, concerning "Disclosure at the time of a dividend distribution".

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 14/03/2012

Name of Electronic Reporter: Maya Alcheh Kaplan, Adv. Position: General Counsel (In House) and Company's Secretary. Aranha 23, Millennium Tower, P.O. Box 20456 Tel Aviv 61204. Phone – 03-6844517, Fax: 03-6844587, e-mail – mayaak@israelcorp.com

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Additional details regarding the distribution of dividend in accordance with the Israel Securities Authority's instruction pursuant to Section 36A of the Law, concerning "Disclosure at the time of a dividend distribution"

A. The resolution of the Board of Directors was made after taking into consideration the financial results of the Company, as were reported in the audited Financial Statements for 2011 as well as the Company's profits, cash flow, the Company's obligations and their expected repayments, the capital structure, the Company's leverage level, the investments programs, including cash and future transactions estimation, noticing, *inter alia*, certain expenses and investments, the (net) value of the companies held by the Company, the market value of tradable investments and the impact of the distribution on the compliance with the financial covenants which were set out in agreements with banks.

The Company's Board of Directors relied, *inter alia*, on the ability to exercise tradable holdings and to receive dividends from companies held by the Company and on additional funding resources which are available for the Company such as raising money and the ability to refinance debt.

B. The estimated data and the assessments mentioned in Section A above, are forward-looking information, as defined in the Securities Law 5728-1968, which is based on the data specified above which the Company's Board of Directors had estimated. These estimations and assessments may not realized, partially or completely, or realize in a substantially different way from the way expected, *inter alia*, due to a change in the ability of the companies held (directly or indirectly) by the Company to create cash flows, to distribute dividends, changes in the conditions of the capital market, inflation rate, exchange rates, the conditions of the different markets where companies held by the Company are active, political and security changes and regulatory changes which may have an effect on the activity of the Company and companies held by it.

C. Based on the aforementioned, the Company's management has confirmed to the Board of Directors, to its satisfaction, that the distribution of dividends is in compliance with the terms for distributing dividends as set out in the Companies Law, 5759-1999, and that there is no reasonable concern that the distribution of the dividend will prevent the Company from meeting its existing and expected obligations when they come due.