

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 082
Public**

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

Sort name: Israel Corporation

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Date of Transmission: January 4, 2015

Reference: 2015-01-002533

To:	To:
<u>The Securities Authority</u>	<u>The Tel Aviv Stock Exchange</u>
www.isa.gov.il	www.tase.co.il

Immediate Report regarding a distribution of a Dividend-in-Kind

Regulation 37(a) to the Securities Law Regulations (Periodic and Immediate Reports), 1970

1. We hereby report that on *January 4, 2015* the Company's Board of Directors resolved to distribute a dividend.
2. The Distribution of the dividend shall be performed by way of

*Further to the approval of the Company's shareholders meeting dated December 31, 2014, of the Distribution Act which is the subject of the Company's transaction report dated December 23, 2014 (the "**Transaction Report**"), and further to immediate reports dated December 31, 2014 (Reference No.: 2014-01-049081 and 2014-01-049090) and January 1, 2015 (Reference No.: 2015-01-000244), the Company hereby announces that the completion of the Distribution Act has been set for January 7, 2015 (the "**Distribution Act Completion Date**"). It shall be noted that on January 2, 2015, the authorization of the New York Stock Exchange for Kenon's listing for trade on the New York Stock Exchange was obtained, and the U.S. Securities Exchange Commission (SEC) informed Kenon that it does not have further comments regarding Kenon's registration documents. The completion of the Distribution Act and the distribution dates are subject to the following conditions detailed in the Transaction Report (as these terms are defined in the Transaction Report): (1) declaration by the SEC that the U.S. registration statement is effective, which according to information provided to Kenon is expected to*

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be made on January 5, 2015; (2) Approval by the Tel Aviv Stock Exchange of the listing of the new company's shares for trade on the Tel Aviv Stock Exchange (in accordance and subject to with the provisions of TASE) as a dual-listed company.

3. Type of eligible security: Israel Corporation Ordinary Share, 1 NIS n.p.v

No. of eligible security on the Stock Exchange: 576017

Type of received security: Kenon Holdings Ltd. Ordinary Share

No. of received security on the Stock Exchange: _____.

No. of securities received for every eligible security: 7.

4. The record date (cum day): January 9, 2015

Ex-date: January 11, 2015

Distribution date: January 09, 2015

5. Tax rate to be deducted and manner of deduction: *As detailed in the Transaction Report and the approval of the Tax Authority (and its clarification) attached as Appendix D to the Transaction Report.*

The balance of the profits within the meaning thereof in section 302 of the Companies Law, 5979-1999, following the distribution which is the subject of this report is in total amount of *USD 59,000,000.*

6. The dividend distribution approval procedure

To approve the distribution in accordance with the Transaction Report, including in relation to the Company's compliance with the distribution tests, the information examined in connection with the Company's compliance with the distribution tests and the considerations of the structural change committee, the audit committee and the board of directors of the Company to approve the Distribution Act and the dividend distribution. The Distribution Act, including the dividend distribution in its framework are subject to the conditions precedent stated in the Transaction Report as mentioned in Section 2 above.

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7. The influence of the dividend distribution on convertible securities, insofar such exist: in relation to options plan 2012 (Number of security: 5760228) The exercise price of the said options warrants for the Company's shares will be adjusted to the cash dividend amount, while in respect to the divided-in-kind the adjustment shall be made in accordance with Section 3.7.2.7 of the Transaction Report.

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Comment to section 5: *Including following the cash dividend stated in the Company's report which is issued concurrently with this report.*

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alcheh-Kaplan

Position: Vice President, General Counsel & Company Secretary

Date of signature: January 4, 2015