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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

Address: P.O.B. 20456, Tel Aviv 61204

Tel: 03-6844517, 6844500, Fax: 03-6844587

Email: MAYAAK@ISRAELCORP.COM

Date of Transmission: January 4, 2015

Reference: 2014-01- 002527

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 Cash Dividend for Securities

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

1. We hereby report that on *January 4, 2015* it was resolved to pay a dividend for the following securities of the company: *shares*.
2. The total amount of the dividend to be paid is: *USD 200,000,000*
3. The balance of the profits within the meaning thereof in section 302 of the Companies Law, 1999, following the distribution which is the subject of this report is in the total amount of *USD 59,000,000*.
4. The dividend distribution approval procedure

*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 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 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.

Is the said distribution is according to court's approval in accordance with Section 303 to the Companies Law: *No*

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

Ex-date: January 11, 2015

Payment date: January 15, 2015

6. Payment details:

Divided for which no tax was deducted outside Israel

Entitled security's number	Name of security	Dividend amount per one security	Dividend's currency	Payment currency	Date if the representative rate for payment	Individuals tax rate	Companies tax rate
576017	HL regular share NIS 1 par value	26.22557	Dollar	New Shekel	January 9, 2015	15	15

Is the amount of dividend per one security is final: Yes

7. The composition of the sources of the dividend (shall be filled for a dividend for which tax was deducted outside Israel)

	% of the Dividend	Individuals	Companies	Foreign Residents
Income subject to corporate tax (1)	0	25%	0%	25%
Income whose source is overseas (2)	0	25%	26.5%	25%
Income from an approved enterprise/beneficiary enterprise	0	15%	15%	15%
Income from an approved enterprise Ireland	100	15%	15%	4%
Preferred income	0	20%	0%	20%
Income from a tourist / agricultural approved enterprise (3)	0	20%	20%	20%
Income classified as capital gains	0	25%	26.5%	0%
Other	0	0	0	0

(1) Income subject to corporate tax – income from the distribution of profits or from a dividend whose source is income produced or accrued in Israel, which was received directly or indirectly from another body corporate which is subject to corporate tax.

(2) Income whose source is overseas is income produced or accrued overseas which was not taxed in Israel, and also a dividend from overseas in respect of which tax was not deducted overseas.

(3) Including income from a tourist beneficiary enterprise.

8. Number of the corporation's dormant securities which are entitled to payment of dividend and for which a waiver on the receipt of dividend payment letter shall be issued: 72,322

9. The influence of the dividend distribution on convertible securities:

- The Company does not have convertible securities
- The dividend distribution does not influence the convertible securities
- The influence of the dividend distribution on convertible securities

Name of security	Number of security	Comments

Options plan 2012	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 to the Transaction Report.
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10. Recommendations and decisions of the directors in connection with the dividend distribution regulation 37(a)(1) to the Securities Law Regulations (Periodic and Immediate Reports), 1970:

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 4 above.

Comment to section 3: *Including after the dividend in-kind as stated in the Company's report which is issued concurrently with this report.*

Comment to section 6: *See section 7.*

Comment to section 8: *Shares which are held by H.L. Consulting and Management (1986) Ltd., a wholly owned company.*

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