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Form 081

Public

Israel Corporation Ltd.

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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 hereby report that on March 22nd, 2018 it was resolved to distribute a dividend that will be paid to the Company's securities.

2. The total amount of the dividend to be paid is $120,000,000.

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: *$272,000,000.*

4. Dividend distribution approval procedure: *see the attached.*

   The abovementioned distribution is according to court's approval in accordance with section 302 of the Companies Law: *No.*

5. The record date (the "Cum" date): April 8th, 2018.

   The ex-day: April 8th, 2018.

   The payment date: April 23rd, 2018.

6. Details of Payment:

   Dividend that is distributed by a Israel resident company

Qualifying Security No.	Name of Security	Dividend amount per Security	Dividend amount currency	Payment currency	Date of exchange rate for payment	% Individuals tax rate	% Corporate tax rate
576017	IC Ordinary Share 1	15.7353420	Dollar	NIS	April 5th, 2018	25	0

Notes:

1. The amount specified in section 6 is not final. The exact dividend amount in NIS per share shall be set according to the representative rate of the dollar, which shall be determined on the record date, as set and published on April 5th, 2018.
2. The amount specified in the abovementioned section 2 is in US Dollars.
3. The dividend amount does not include dividend for shares which are held be a fully owned company.

Is the amount of dividend per one share is final: *No*

The amount of dividend for one share is subject to chances due to the representative rate of the dollar known on the record date as set and published on April 5th, 2018.

7. The rates of tax withheld at source specified below are for the purpose of withholding tax at source by stock exchange members.

7(a) Composition of the sources of the dividend distributed by an Israeli resident company for shares and financial instruments except for REIT:

	% of the dividend	Individuals	Companies	Foreign Residents
Corporate tax liable income (1)	100	25%	0%	25%
Income whose source is overseas (2)	0	25%	23%	25%
Income from an approved enterprise/beneficiary enterprise (3)	0	15%	15%	15%
Ireland approved establishment incomes until 2013 (4)	0	15%	15%	4%
Ireland approved establishment incomes starting 2014 (5)	0	20%	20%	4%
Preferred incomes	0	20%	0%	20%
Income from a tourist/agricultural approved enterprise (6)	0	20%	20%	20%
Income from an approved	0	15%	0%	15%

enterprise/beneficiary enterprise who gave notice of concession (7)				
Income classified as capital gains	0	25%	23%	0%
Income by participating unit	0	0	0	0
Other	0	0	0	0

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

(2) Income whose source is overseas is income produced or accrued overseas which was not taxed in Israel.

(3) Including income from a tourist beneficiary enterprise and that the year of choice/operating is until 2013.

(4) Income from an approved establishment Ireland whose year of choice/operation is until 2013.

(5) Income from an approved establishment Ireland whose year of choice starts on 2014 and onwards.

(6) Including income from a tourist/agricultural approved enterprise whose year of choice/operation is starts 2014 and onwards.

(7) Income from an approved enterprise or beneficiary who gave a notice of concession until June 30th, 2015, after deducting the owed Corporate Tax.

7b. Dividend distributed by Foreign Company

	Individuals	Companies	Foreign Residents
Dividend distributed by a Foreign Company	25%	23%	0%

7c. Dividend distributed by a of real estate investment principle

	% of the dividend	Individuals (1)	Companies	Foreign Resident Companies	Exempt Mutual Fund	Provident Fund
From real		25%	23%	23%	0%	0%

estate improvement, capital gain or depreciation (3)						
Other owed income (such as rent)		47%	23%	23%	23%	0%
Housing real estate for rent		20%	20%	20%	0%	0%
Income owed by the principal (4)		25%	0%	25%	0%	0%
Exceptional income		70%	70%	70%	60%	70%
Other						
% of weighted original deducted tax	100%					

(1) Individuals – including owed principal fund income, foreign resident individuals.

(2) Provident fund for ration, or benefits, or compensations as defined in the Income Tax Ordinance and provident fund or foreign pension fund which is a resident of a compensating state.

(3) From real estate improvement or capital gain, excluding short-term held real estate property sales, as well as income in the sum of depreciation expenses.

(4) Distribution from tax owed incomes by the principal, according to Section 46a4(E).

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: *72,322.*

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

The Company does not have convertible securities.

10. Recommendations and decisions of the board of directors in connection with the distribution of cash in accordance with the Israeli Securities Authority's instruction pursuant to Regulation 37(a)(1) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

See attached document.

Note for Section 8 above: The 72,322 dormant shares are held by I.C. Management and Counseling (1986) Ltd, a company in full ownership of the Company.

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 20/02/2018

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

The procedure of approval for Dividend Distribution:

Following the discussion and recommendation of the finance and balance sheet committee, the Company's board of directors has conducted a discussion concerning the Company's compliance with the distribution test as such term is defined in section 302 to the Israeli Companies Law , 5759-1999, in the framework of which the following factors and parameter were considered, among others:

A. The resolution of the board of directors was made after taking into consideration, among others, the financial report of the Company, dated December 31st, 2017, as well as an external opinion on the Company's ability to comply with the "Ability of Redemption Test" as defined in the Companies Law, which includes several scenarios in connection with cash flow, including sensitivity analysis and additional indications for the Company's ability of redemption ("**Ability of Redemption Work**").

B. The Company's board of directors examined the Company's compliance with the profit test – the Company's distributable profits, accumulated according to the unified yearly audited financial reports for the term ending on December 31st, 2017, are a total amount of 392 million dollars, and so it was determined that the proposed dividend complies with the profit test, meaning, distribution of dividend out of the Company's profits.

C. In the framework of examining the Company's compliance with the ability of redemption test, the distribution's influence on, among others, the Company's financial status, was examined, while examining, among others, information regarding the Company's liquidity, cash balance, future cash flow, including data regarding the Company's assets vis-a-vis its liabilities, the value of the Company's cash and investments, as well as the resources which the Company estimates are available to it for the purpose of repayment of its existing and expected liabilities upon their due date including the receipt of dividends from held companies, loans cycle (and evaluation in connection with possibility of refinancing existing loans), and raising funds (and the possibility of raising them). In addition, cash flow scenarios regarding the Company were analyzed while performing strict sensitivity analysis and risk factors in case of deterioration in the Company's business and ICL's business. Furthermore, evaluations regarding "additional financial safety nets" such as: realization of holdings in ICL and/or ORL, further funds raised by issuing capital in Israel or abroad were examined.

D. The distribution's impact on the Company's leverage level was also examined, including its financial durability and its ability to pay its debts as those are reflected in analysis of future financial ratios of the Company (financial leverage ratios and different coverage ratios).

E. In addition, an assessment was presented regarding the dividends the Company is expected to receive from ICL and ORL; references to strict external scenarios and risk factors in relation of the Company's business; as well as information regarding the compliance with the requirements and the financial covenants applicable to the Company. In addition, the consequences of the distribution of dividend were examined in connection with the Company's capital structure, as well as the consequences on the Company's activity in its current format, and in this regard, the board of directors took into consideration that the Company does not intend to invest in new companies.

In view of the aforesaid, and after the board of directors was presented with the data, information, the Ability of Redemption Work and the aforesaid scenarios as well as the recommendation of the management on the matter, the board of directors found, to its satisfaction, that the Company is able to meet its existing and expected liabilities upon their due date, using the cash balances in its possession, cash flow sources that derives from the held companies, refinancing loans and realization of assets. The Board of Directors has also found that the distribution is not expected to adversely affect the capital structure of the Company, its liquidity state or ability to continue to operate in its existing format of activity and implement its strategy. Therefore, the board of directors believes that there is no reasonable concern that the dividend distribution will deny the Company the ability to meet its existing and expected liabilities upon their due date.

It should be clarified that everything stated in this immediate report, to the extent that it relates to forecasts and/or estimates and/or information regarding future events, constitutes forward looking information, as such term is defined in the Israeli Securities Law, 5728-1968. Such estimates, forecasts and forward looking information as aforementioned are based, *inter alia*, on data that the Company possesses as of the date of this report (including cash balances and credit), on the financial status of the economy, on data concerning the held companies of the Company and on the Company's investments. It should further be clarified that such estimates, forecasts and forward looking information may fail to materialize, in part or in full, or materialize in a manner different from that expected, inter alia, following changes in the market conditions in which the Company and/or the companies held by it operate, materialization of risk factors, changes in conditions in the capital market and/or regulatory changes in countries in which the Company and/or the held companies operate, which may affect the Company's status.