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Form 081

Public

Israel Corporation Ltd.

Registrar Number: 520028010

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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 *September 15th, 2022* 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 *276,887,698 NIS*.

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: *1,347,000,000 USD*.

4. Dividend distribution approval procedure: *see section 10 below*.

   The abovementioned distribution is according to court's approval in accordance with section 303 of the Companies Law: *No*.

5. The record date (the "Cum" date): *September 28th, 2022*.

   The ex-day: *September 28th, 2022*.

   The payment date: *October 19th, 2022*.

6. Details of Payment:

   Dividend that is distributed by a Israel resident company (for the composition of sources of the dividend and the tax rates see section 7a)

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	*ILCO Ordinary Share*	*36.3076886*	*NIS*	*NIS*	_______	*25*	*0*

The amount of the dividend to be paid must be specified with an accuracy of up to 7 digits after the decimal point for payment in NIS and up to 5 digits after the decimal point in the case of payment in another currency.

Notes:

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: *Yes*

The amount of dividend for one share is subject to changes due to: ____________

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 enterprise/beneficiary enterprise who gave notice of concession	0	15%	0%	15%

(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 estate improvement, capital gain or depreciation (3)		25%	23%	23%	0%	0%
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 effect of the dividend distribution on the convertible securities is as follows:

Name of Security	Qualifying Security No.	Notes
Option warrant for share - ILCO2020	*5760319*	Other: In any event of the payment of a cash dividend by the Company to the holders of its ordinary shares, during the period after the grant of the option warrants to the Offeree (including through the trustee), then on the ex-dividend date as determined by the Stock Exchange, the exercise price of the option warrants which have not yet been exercised and which have not yet expired by the said date shall be reduced by the amount of the dividend paid in respect of each share of the Company. Should it be determined in the allocation agreement that linkage differentials shall be added to the original exercise price, then linkage differentials shall also be added to the amount of the dividend subtracted from the exercise price as stated in this section, commencing

		from the date of the distribution of the dividend and up to the Exercise Date. It is clarified that the said adjustment shall apply to all of the option warrants which, on the Record Date for the payment of the dividend, have not yet been exercised (including with regard to option warrants which the Offeree was not entitled to receive or to exercise on the Record Date for the payment of the dividend).

10. Recommendations and decisions of the board of directors in connection with the distribution of dividend according to Regulation 37(a)(1) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

(1) The distribution of the dividend was approved by the company's board of directors at its meeting of September 15TH, 2022, pursuant to the company's report dated April 17TH, 2022 (reference: 2022-01-049240) that the company intends to distribute as a dividend 50% of the proceeds it will receive upon completion of the transaction for the sale of 534,953,382 of BAZAN shares owned by the company ("the sold shares"), subject to the dividend distribution examinations set forth by law. For details regarding the completion of the transaction, see an immediate report dated September 15th, 2022 (reference: 2022-01-095523).

Below are details regarding the examination conducted by the company's board of directors, in connection with the decision on the distribution of dividend as stated above:

(2) As part of its decision, the board of directors held discussions, based on the reviewed consolidated financial statements of the company as of June 30th, 2022 and additional information (including as detailed below) presented and on the management's review, and after examination confirmed the company's compliance with the distribution examinations set forth in section 302 of the Israeli Companies Law, 5599-1999 (the "Law").

(3) *Regarding compliance with the "profit criterion", the board examined the balance of the company's distributable profits according to the financial statements as of June 30^{th}, 2022, which amounts to approximately 1,426 Million USD, which significantly exceeds the amount of the dividend. After the distribution of the dividend, the balance of the company's distributable profits will amount to approximately 1,347 million USD (based on the financial statements as of June 30^{th}, 2022). Therefore, the board of directors approved the distribution based on the balance of the company's distributable profits as mentioned above, which exceeds the amount of the distribution.*

(4) *As for compliance with the "the ability to meet liabilities criterion", the board examined, among other things, the following parameters while taking prudence factors, analyzing different market scenarios and in consideration of the following considerations: the dividend amount, data regarding the company's financial status; data regarding the liquidity status and cash balances of the company and the expected future cash flows of the company, including data regarding the status of company's liabilities and investments, as well as the sources that the company estimates that are available for the purpose of paying its existing and expected liabilities when they come due, including the cash value, receiving dividends from subsidiaries, renew of loans (and assessments regarding the possibility of renewing of existing loans), assessment regarding fund-raising options, including in conservative scenarios, as well as assessments in connection with finance costs and changes therein; In addition, cash flow scenarios in relation to the company were analyzed while performing strict sensitivity analyzes and risk factors for an adverse scenarios in the company's business and in ICL Group Ltd. ("ICL").*

(5) *In addition, the Board examined the impact of the distribution on the Company's capital structure; the financial leverage of the company and the impact of the distribution on its rate and on its coverage ratio; the level and balance of the company's liquidity levels after the expected distribution; The company's debt balances and its net debt balances; the credit frameworks available to the company and the expected credit requirements of the company; The effect of the distribution on Company's activities and its investments in existing or expected portfolio companies, bearing in mind that the Company is expected to execute new investments, in the scopes as stated according to its strategic plan; Additionally considered the Company's business forecasts, its strategic plan, its multi-year budget, its work plan, including compliance with debt targets and cash balances; The risk factors to which the Company is exposed; The absence of an adverse impact on Company's rating etc., as well as additional "safety cushions" available to the Company; Also, data was presented regarding distribution limitations and financial covenants applicable to the Company, including in connection with the limitations specified in the trust deeds of the Company's bonds series and compliance with their conditions.*

(6) *Estimations were also presented regarding the amounts of dividends the Company is expected to receive from ICL, including in adverse scenarios. Also, other "safety cushions" available to the company were reviewed such as: withdrawing credit facilities and/or exercising investments.*

In light of the examination of the issues and data above, based on the data and estimations known to the Company as of the date hereof, after examination, and bearing in mind that the distribution is made out of cash proceeds received by the Company, the Company's estimates that there is no reasonable suspicion that the dividend distribution might deprive the Company of its ability to meet its existing and anticipated liabilities, when they come due, or might derogate its ability to meet existing financial covenants and requirements, or might have a material adverse effect on the Company's financial status, including its capital structure, its level of leverage, its liquidity status, its ability to continue operating in its existing activity format, and on its strategic plan, including the Company's investment plans.

The Company's above estimations, and in particular its estimations regarding the forecasted cash flow and the expected liabilities of the Company, are based on forward-looking information, as defined in the Israeli Securities Law 1968-5778, and which are based, among other things, on facts and data as known to the Company as of the approval date of the distribution, on the economic situation in the markets, on the data provided by Company's subsidiaries and on the Company's investments. These estimations may not materialize, in all or in part, or may materialize in a substantially different manner than expected, among other things, due to external factors, over which the Company has no ability to control or on which its control is limited, including pursuant to a change in the scope of the Company's activity and the scope of the Company's subsidiaries activity, a change in the Company's revenues, profits, or a change or materialization of one or more of the company's risk factors as detailed in the Company's periodic report for 2021, etc.

Details of the authorized signatories on behalf of the corporation:

	Name of the authorized signatory	**Position**
1.	*Adv. Maya Alcheh-Kaplan*	*Other* *Vice President, General Counsel & Company Secretary*
2.	*Sagi Kabla*	*CFO*

Explanation: Pursuant to Regulation 5 of the Periodic and Immediate Reporting Regulations, 5730-1970, a report that is submitted pursuant to these Regulations shall be signed by the signatories authorized to sign on behalf of the corporation. The ISA Staff's position on this matter is available on the ISA's website: ***please click here*.**

Note for Section 8 above: 72,322 shares are held by I.C. Management and Counseling (1986) Ltd, a company fully owned by the 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: 20/09/2022.

The reference numbers of previous documents in the matter (the reference does not constitute incorporation by reference):

Form structure updated 13/09/2022

The securities of the corporation are listed for trading on the Tel Aviv Stock Exchange.

Short name: Israel Corporation

Address: P.O.B. 20456, Tel Aviv 61204 Tel: 03-6844517, 03-6844500, Fax: 03-6844587

Email: MAYAAK@ISRAELCORP.COM

Previous names of the reporting entity: The Israel Corporation Ltd.

Name of electronic reporter: Maya Alcheh-Kaplan

His *[sic]* position: Vice President, General Counsel & Company Secretary, Name of Employer Company:

23 Aranha St., Tel Aviv, 61204, Tel: 03 – 6844517, Fax: 03 – 6844587, E-mail: mayaak@israelcorp.com