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.

Form 121

Public

Registrar Number: 520028010

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

Short 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 13, 2015

Reference: 2015-01-010852

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

Immediate Report

The Event: The composition of the sources of the dividend and applicable tax rate

See the attached report.

The date when the event first became known to the corporation: January 13, 2015
Time: 18:00

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 and Company Secretary
Date of signing: January 13, 2015

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

January 13, 2015

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

Immediate Report - The Composition of the Sources of the Dividend and Applicable Tax Rate in this Respect

Further to Israel Corporation Ltd. (the "**Company**") transaction report dated December 23, 2014 (reference No: 2014-01-229086), including the Israeli Tax Authority approval regarding the withholding tax in respect of the distribution of the shares of Kenon Holding Ltd. ("**Kenon**") as a dividend-in-kind, and the Israeli Tax Authority clarification thereto dated November 11, 2014, which were annexed to the said report, according to which the Distribution Amount shall be determined according to the sum of the number of shares of Kenon, which will be distributed at the time of the distribution of the dividend-in-kind multiplied by the average closing price of Kenon shares at the end of the first three days of trading on the Tel Aviv Stock Exchange, please find below a table which concentrates the composition of the sources of the dividend and applicable tax rate in this respect.

According to the calculation method which was set in the Tax Authority's approval regarding the withholding tax, the value of one share of Kenon is NIS 78.9966667.

	% of the Dividend	**Individuals**	**Companies**	**Foreign Residents**
Income from an approved enterprise Ireland	52.5%	15%	15%	4%
Income from an approved enterprise/beneficiaries	30.5%	15%	15%	15%
Income subject to companies tax(1)	17.0%	25%	0%	25%

[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.

Respectfully,

Israel Corporation Ltd.

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 and Company Secretary

Date of signing: January 13, 2015