

This is a convenience word-for-word translation of the Hebrew transcript of the Conference Call that took place on March 28, 2016 on the High Court of Justice's Ruling with Regard to the Natural Gas Outline. Only the original Hebrew audio recording, which can be found on the Company's website, is to be considered true and correct.

Delek Group Ltd.

March 28, 2016

Facilitator: Hello and welcome to the conference call of Delek Group, Delek Drilling and Avner in connection with the HCJ decision on the natural gas framework. Please note that all the participants of the conference are in listening mode only. After the presentation is given, questions will be allowed. The instructions on being given the floor will be provided at the appropriate time. For assistance during the conference call, please dial *0. Please note that this call is being recorded. Monday, March 28, 2016. Before giving the floor to Ms. Dina Vince, Manager of Investor Relations at Delek Group, I would like to note that apart from historic figures that will be given in the call, figures and/or results may be mentioned that are future forecasts, which entail risks and uncertainty. The Company's results may be materially different due to various factors as specified in the Company's prospectus and reports to the authorities. The conference call does not substitute the need to review the Company's latest periodic and quarterly reports which include the full information about the Company, including information that is deemed as "forward looking information", within the meaning thereof in the Securities Law. Moving now to Ms. Dina Vince. Ms. Vince, please go ahead.

Dina Vince: Thank you. Good morning everyone and thank you for joining the conference call on the HCJ ruling on the natural gas market

framework. We have with us today Mr. Gabi Last, Chairman of the Board of Delek Group, Mr. Asi Bartfeld, CEO of the Group, Mr. Yossi Abu, CEO of Delek Drilling and CEO of Avner, Mr. Yossi Gvura, Deputy CEO Finance, Mr. Yaniv Friedman, Deputy CEO Gas Partnerships and Ms. Irit Shadar-Tobias, General Counsel of the Partnerships. Asi will start and we will then have your questions. Asi, please go ahead.

Asi Bartfeld:

Good morning everyone, thank you for joining the call, I know there are many people and I assume there will also be questions, we are here for you, the entire team, and we will answer each and every question and we have all the time in the world. We decided to call the conference this morning mainly in view of the numerous reports that were published during the night and this morning and I assume not everybody has read the entire judgment, which is more than 100 pages long. We have read the judgment very thoroughly and we want to clarify several issues and of course answer all of the questions. The big message from this judgment is in fact that all of the petitions were denied, apart from the issue of the governmental stability, and I refer you, I don't know if everybody read, but there is a very clear passage in the judgment that speaks of cancellation of the framework without deeming judicial intervention fit on other issues that were on the table, in other words, and this is very very important, in fact the Supreme Court accepted them, the line that is very important to emphasize and does not appear in the suspension lifting of the cancellation for one year to approve regulation, in fact the entire cancellation of the framework is suspended for one year, and I didn't see this emphasized in many places, in order to find an arrangement, the cancellation does not take effect from this morning but rather they gave, the Court gave time to solve the problem and as we will state later on and also Yossi Abu will state, we very much hope that this will be done quickly and we will be able to move ahead. What

is important to us to emphasize is several points on how we see the road ahead. We certainly see before us the development of Leviathan as a goal and we intend to continue developing it as quickly and efficiently as we can, this is what we have planned and this is also what we plan to do henceforth, and we hope that in the coming days and weeks we will also sit down with the government and find the way and the solutions on how to overcome that issue of governmental stability which was part of the requests of the Leviathan partners. So these are things that are very very important to emphasize, I suppose everyone will have their own interpretation and ask the questions, we in any event will meet again for an analysts call that will take place later this week after the release of the Delek reports, so if over the next two or three days you have questions do not hesitate and you can speak again. I am now giving the floor to Mr. Yossi Abu, who will go into the specifics of the matter.

Yossi Abu:

Thank you and good morning all, as Asi mentioned, happily the gas framework has been approved apart from the stability clause, issues such as the use of Section 52, the issues of taxation, export, the regulation of competition, the prices, received unequivocal approval from the HCJ judges and they remain in effect, to us this is very important because it in fact defines the issue which we now have to resolve vis-à-vis the State as only the stability issue, which is an important issue but well-defined, in addition I think that anyone who reads the judgment can see that also the HCJ judges agree that stability is important, it is very much a condition to significant investments of billions in the natural gas sector, and I don't think there is a dispute on the need for stability, the question was not about the substance, the HJC in fact did not intervene on the substance of the question of whether stability is or is not required, but only on the technical issue and the issue the authority, in what way stability is granted. The court says unequivocally that the path

chosen is a path that lacks authority, and in fact points the Government to several alternatives which it needs to follow if it seeks to provide stability, and that is exactly what we together with our partners plan to do immediately, to act vis-à-vis the Government in order to analyze the alternatives and choose the ultimate alternative in order to obtain the required stability so that we can move ahead and invest in the reservoirs. There is a very material element from our perspective, we submitted a development plan for Leviathan, an updated development plan, this development plan in fact says that we intend, by the end of the year, to adopt a resolution for investment in the development of the Leviathan reservoir, with the aim of achieving gas flow in 2019, of course it would have been far simpler and quicker had the Court denied all of the petitions, but in practical terms we now intend, together with our partners including Noble, over the coming months, to immediately start finding, in parallel to promoting the Leviathan development plan, an alternative for the stability regulation. We are not stopping or suspending work on Leviathan on our part, we want to meet the time tables and we will act vis-à-vis the Government for the stability regulation and at the same time we will act to promote the other regulatory conditions such as licensing etc., and approval of the Leviathan development plan, to come to the point where we are doing things at the same time and not one after the other in connection with the development plan, and so we hope that the time table is not harmed or at least that the harm to the time table for development of Leviathan is mitigated. So these are the main things we see at the moment. In terms of the possible toolkit regarding the alternatives for regulating the stability clause we see in this toolkit, of course, the possibility of legislation, and there are all sorts of legislative possibilities, from general legislation of an authorizing law, say a national projects law where the Government in fact comes and says, of course in legislation, that it is entitled to grant stability

to a project that was defined by the Government as a national project, or specific amendments to laws such as the Petroleum Law, which enable in a license or a lease to grant stability in order to allow the development of the reservoirs. As part of the basket of alternatives, even in Court some of the judges of the Court raised the alternative of economic equilibrium, which alternative says there is no guaranteed stability, however, if the economic equilibrium of the project is upset, there is compensation, we and also the State I assume are analyzing whether this alternative justifies legislation or whether we can go for it without legislation, of course to us this is even a better alternative because there is full economic equilibrium here for us and full compensation, and we are also looking at it, we have heard another few ideas, which at the moment we have only heard about as you have in the media, in a world of guarantees, and other such things, but I assume that the representatives of the State are now laboring to see what the alternatives available to them are. Our goal is to choose the ultimate alternative, such that in fact both provides stability and also within very short time frames that will not delay, at least substantially, the time tables for development of the Leviathan reservoir. So we will open up the call to questions.

Facilitator: We will now move to the Q&A stage. To ask a question, press *1. To cancel the question, press *2. If you are listening via speakerphone, please lift up the receiver before pressing the numbers. Please wait while I gather your questions. The first question is from Gilad Alper from Excellence, Gilad please go ahead.

Gilad Alper: Hi, good morning, two short and I suppose somewhat speculative questions. First, can you estimate at what stage of the game Noble might simply upset the apple cart and try to sue the State of Israel? What is their interest in doing something

like that? If this were ever to happen surely we came close to it last night, so where do you think it stands? Second, a more speculative question, and perhaps also more irritating is, according to the terms of the original license, at some stage you may lose the lease if you don't develop Leviathan. Right now it is of course ridiculous since you cannot develop Leviathan because of the State, but in any event what is the risk that you see in this thing beginning to roll in the direction of losing the lease? Thank you.

Yossi Abu:

Thank you very much Gilad, first I will address Noble and of course I think that everyone saw Noble's announcement, Noble and we identify here something that did not exist in recent years or until the framework on the part of the Israeli Government, and that is in fact the determination of the Israeli Government to support development of the gas reservoirs in Israel. And we see the determination of the relevant functions in the Government, and I must say that ultimately this is part of the gamut of our considerations, where we say, 'OK, where there's a will there's a way', and we see a very great 'will' on the part of the Government to find a solution, now I think that also Noble identifies it, I think that Noble too identifies the fact that all of the parts were approved apart from the stability, the issue of the stability is an important issue and we believe that it is possible to find a solution for it. I can't speak on behalf of Noble, I can't say where their line is, but I can say one thing: Noble, as do we, expect the Israeli Government to find a solution regarding the stability and we intend to be available and to work with the Israeli Government in order to find a solution for this issue in a short timetable. As for the second question, it actually goes back to this story, look, the whole framework, apart from the stability, was approved, including the parts that pertain to the update of the development plan etc., and including the parts that include the lease. However, I refer you to the Leviathan lease,

which is the lease that was published, and you see there that there is a general clause which states that the timetables in the lease will be updated insofar as there is a regulatory impediment or a challenge re regulation financing agreements etc., which means it is not the case that everything is clear-cut and we see no risk to the Leviathan lease.

Gilad Alper: Great, thank you.

Facilitator: The next question is from Yehonatan Shochet of Leader Capital Markets, Yehonatan go ahead.

Yehonatan Shochet: Good morning, my first question is whether any change to the stability clause, coming either from you or from the Government, will require the re-approval of the HCJ for the amendment that will be made to the clause?

Yossi Abu: Again it is necessary to understand what the solution is and what the regulation is, but in fact the HCJ is saying the question here is not a question of substance, but rather a question of authority, and therefore, if we, or the Government to be correct, follows the path defined by the HCJ and the alternatives defined by the HCJ, then we do not see re-approval. Of course it is possible that there will be a HCJ for everything that is done but we do not see here the need for ratification in this regard.

Asi Bartfeld: I will also refer again to what I read out earlier, that they write that in fact the cancellation of the Gas Framework is suspended for one year in order to enable regulation, so if they cancelled it for one year in order to approve regulation, the conclusion is that if an acceptable solution is found on the stability issue, I am not sure it will be necessary to go back to them.

Yehonatan Shochet: I understand, thank you. The other question relates to the future export agreements. In the past you claimed that the export contracts are mainly awaiting... we'll call it approval of the

framework and of course ensuring the stability. Where do you think it stands today? Where do the negotiations with Shell / BG stand right now, with Union Fenosa Gas, in view of, we'll call it the delay in the final approval of the framework due to this stability clause?

Yossi Abu: As you are familiar with the facts, we in fact promoted the negotiations on the export agreements and here, on the practical level, it is also Union Fenosa, and the ELNG Idku facility, and Jordan and in fact the negotiations were advanced in order to sign the agreements as soon as possible after there is a regulatory stability. Just last night and also this morning we updated our partners to the export agreements in fact of the HCJ decision. I assume they are reading this as we do that in fact there is a process here of regulating the stability clause and we will continue to promote the agreement with them with the aim of signing it while we work on regulating the stability. Right now we have no intention of putting things on hold, right now we have no intention of waiting again, or putting a stop to things and waiting until the fog disperses, we want to work simultaneously, and to advance the negotiations and bring them to a close while working on regulation of the stability at the same time.

Yehonatan Shochet: Ok, thank you very much.

Facilitator: I repeat the instructions: To ask a question, press *1. Please wait while I collect your questions. The next question is from Liran Lublin of IBI, Liran, please go ahead.

Liran Lublin: Hi, good morning everyone. I have two questions. The first question relates to the stability clause perhaps on a broader level. From what I understand from what you have said, the stability clause is still the basis for the entire framework, and perhaps further to this question, implementation of the

framework, on your side of implementation of the framework, the sale of Karish and Tanin, the sale of Tamar, where does that stand? Do you intend to continue on with this? Are you waiting for any sort of decision?

Yossi Abu: So as I said also regarding Karish and Tanin, Tamar is a little further down the line, as you know our work plan for Tamar was slightly different and I will specifically address Karish and Tanin. We intend to continue promoting the sale of Karish and Tanin simultaneously with arrangement of the regulatory issue. In fact on the practical level we are working on the sale of Karish and Tanin with several groups and we have no intention of stopping this process either.

Liran Lublin: OK, thanks.

Facilitator: The next question is from Gal Reiter of Jerusalem Brokerage, Gal please go ahead.

Gal Reiter: Good morning, you answered the question of Karish and Tanin, but what about Aphrodite? What is happening with Aphrodite? Meaning are there several reservoirs awaiting development? Expansion of Tamar, development of Aphrodite, i.e. the question is whether the delay in the development of Leviathan will necessarily prejudice or delay, if and when there is a delay, your other assets in the region?

Yossi Abu: Thank you for the question. With regards to Aphrodite, it is no secret that we looked at Aphrodite, at a sort of perhaps joint infrastructure between Aphrodite and Leviathan in terms of export to Egypt, it is a midstream infrastructure. However, I assume that you are familiar with the timetables that we submitted in Aphrodite's development plan, which in fact talks about mid-2017 for the making of an investment decision, so right now it does not affect these timetables and we will continue to promote the Aphrodite project simultaneously. The

idea of a joint infrastructure in terms of midstream, pipeline, shared by both Leviathan and Aphrodite, is an idea that we will continue to act on and that we and our partners together with the potential operators are examining and we even have technical work teams on this issue.

Gal Reiter: OK, thank you very much, good luck.

Facilitator: I repeat the instructions: To ask a question, press *1. Please wait while I collect your questions. There are no further questions, I am handing the floor back to Mr. Bartfeld to sum up. Mr. Bartfeld, please go ahead.

Asi Bartfeld: OK, thank you everyone for attending and I remind everyone that you know our telephone numbers, if you have any questions, you wish to clarify any points, we are happy to be of service, both the Partnerships and also we at the Group. Don't hesitate to call. It is sometimes better than being in the dark. So thank you everyone and have a nice day.

Facilitator: Thank you. The conference call of Delek, Delek Drilling and Avner has ended. Thank you for your participation and have a nice day.

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