

For Immediate Release

ISRAEL CORPORATION MOVES FORWARD WITH THE PROPOSED STRATEGIC SEPARATION OF ITS HOLDINGS

- ***ILCO ANNOUNCES SHAREHOLDERS' MEETING TO BE HELD ON DECEMBER 31st TO APPROVE THE PROPOSED SEPARATION OF ITS HOLDINGS, AND PUBLISHES FULL TRANSACTION REPORT DETAILING THE PROCESS AND PROPOSED NEW STRUCTURE***
- ***ILCO'S NEW STRATEGIC FOCUS FOLLOWING THE SEPARATION WILL BE ON ITS REMAINING PUBLIC HOLDINGS, ISRAEL CHEMICALS (NYSE:ICL, TASE:ICL) AND BAZAN (TASE:ORL), AND IT WILL REFRAIN FROM INVESTING IN NEW COMPANIES. FOLLOWING THE SEPARATION, CURRENT ILCO CFO AVISAR PAZ WILL LEAD THE COMPANY AS CEO***
- ***KENON HOLDINGS LTD., A NEWLY ESTABLISHED COMPANY, WILL HOLD CURRENT ILCO HOLDINGS: IC POWER LTD., QOROS AUTOMOTIVE CO. LTD., ZIM INTEGRATED SHIPPING SERVICES LTD., TOWER SEMICONDUCTOR LTD. (NASDAQ: TSEM, TASE: TSEM), AND ITS RENEWABLE ENERGY SUBSIDIARIES, AND WILL BE SPUN OFF AS A PRO RATA DIVIDEND TO ILCO SHAREHOLDERS. KENON WILL BE LISTED ON BOTH THE NEW YORK STOCK EXCHANGE (NYSE: KEN) AND TEL AVIV STOCK EXCHANGE. ADDITIONALLY, ILCO TO PAY A CASH DIVIDEND OF \$200 MILLION TO ITS SHAREHOLDERS***
- ***KENON WAS ESTABLISHED TO ASSIST WITH THE GROWTH AND DEVELOPMENT OF ITS BUSINESSES AND TO MAXIMIZE THEIR VALUE, WITH THE INTENTION OF PROVIDING ITS SHAREHOLDERS WITH DIRECT ACCESS TO ITS BUSINESSES. KENON WILL ALSO REFRAIN FROM INVESTING IN NEW COMPANIES OUTSIDE ITS EXISTING PORTFOLIO OF BUSINESSES. YOAV DOPPELT WILL LEAD KENON AS CEO***

TEL AVIV, ISRAEL – November 25th, 2014 – Israel Corporation Ltd. (TASE: ILCO) (“ILCO”) published today a full transaction report in advance of the December 31st shareholder vote, detailing the proposed separation process and the new structure of its holdings. The strategic separation is subject to various consents and approvals, including the approval of ILCO’s minority shareholders.

Under the proposed strategic separation, ILCO will continue to hold ICL (NYSE:ICL, TASE:ICL), the world’s leading integrated potash fertilizer and value added specialty chemicals company, as well as the



Bazan Group (TASE:ORL), one of Israel's largest integrated refining and petrochemicals complex. ILCO will focus on its two public holdings and will refrain from investing in any new companies. Additionally, ILCO will potentially consider separating off its holding in Bazan in the future. All current ILCO financial debt will continue to be held by ILCO.

ILCO will transfer its current holdings in IC Power Ltd., Qoros Automotive Co. Ltd., ZIM Integrated Shipping Services Ltd., Tower Semiconductor Ltd. (NASDAQ: TSEM, TASE: TSEM), and its renewable energy subsidiaries to a newly-formed company named Kenon Holdings Ltd. Kenon's shares will be distributed to ILCO shareholders on a pro rata basis as a dividend in-kind, so that each ILCO shareholder as of the ex-dividend date will receive a proportional share in Kenon. Kenon is incorporated in Singapore and will be listed on the New York Stock Exchange (the "NYSE") (NYSE:KEN) and the Tel Aviv Stock Exchange (the "TASE"). Additionally, ILCO will distribute a cash dividend to its shareholders in a total amount of \$200 million. ILCO is being advised by Deutsche Bank.

Kenon has filed a Registration Statement on Form 20-F (the "Registration Statement") with the U.S. Securities and Exchange Commission (the "SEC") in connection with the spin-off and its listing on the NYSE. The Registration Statement contains information about Kenon and the businesses that will be transferred to it. As described in more detail in the Registration Statement, Kenon was established to assist with the growth and development of its businesses and maximize their value, with the intention of providing its shareholders with direct access to its businesses. Kenon intends to operate under disciplined capital allocation principles, which include refraining from investing in new companies outside its existing portfolio of businesses.

For full transaction details, please refer to the immediate report filed with the Tel Aviv Stock Exchange on November 25, 2014, of which an English convenience translation is accessible via the Company website: <http://www.israelcorp.com>. For additional information on Kenon and the companies that will be contributed to it, please refer to Kenon's Registration Statement filed with the SEC on November 25, 2014, which is accessible via the SEC's website: www.sec.gov. Kenon's Registration statement will be further amended prior to the time of its listing on the New York Stock Exchange and amendments will be available on the SEC's website.

About Israel Corporation

Israel Corporation Ltd. is a global industrial holding company operating in key industries that support the basic needs of fast growing global markets, including the chemicals, energy, automotive and shipping sectors. ILCO group companies include ICL (NYSE:ICL, TASE:ICL), Bazan Group (TASE:ORL), IC Power Ltd., Qoros Automotive Co. Ltd., ZIM Integrated Shipping Services Ltd., Tower Semiconductor Ltd. (NASDAQ:TSEM, TASE:TSEM), and IC Green Energy Ltd. Founded in 1968, ILCO was listed on the Tel Aviv Stock Exchange in 1982, where it ranks among the top ten companies in terms of market capitalization.

Forward Looking Statement

This press release may contain forward-looking statements, including those that discuss the proposed spin-off, including the listing of the shares on the NYSE and the TASE, and ILCO's and Kenon's strategies upon the consummation of the spin-off. These forward-looking statements may not materialize and are subject to risks and uncertainties that are not under the control of either ILCO or Kenon, which may cause actual results to differ materially from those contained in the disclosures, including those risks and uncertainties set forth in Item 3D in the Registration Statement and to those set forth in the transaction report. ILCO and Kenon caution you that the above list of important factors is not comprehensive. This press release should not replace the review of the full transaction report.

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