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Israel Corporation Ltd.  
Registrar Number: 520028010

Form T121  
Public

Date of Transmission: 22/03/2018

Reference: 2018-01-027997

To:  
The Securities Authority  
www.isa.gov.il

To:  
The Tel-Aviv Stock Exchange Ltd.  
www.tase.co.il

**Immediate Report**

**The Event: Adjusting Interest Rates of Bonds and Special Payment**

Reference numbers of previous reports on this subject: 2018-01-027610, 2018-01-025711

A file is hereby attached.

The Company is not a shell company as defined in the Stock Exchange Regulations

The date when the event first became known to the corporation: 22/03/2018  
Time: 09:20

Name of report authorized signatory and name of authorized electronic signatory: Maya Alchek Kaplan  
Position: Vice President, General Counsel and Company's Secretary  
Signature date: 22/03/2018

Form structure updated: 20/02/2018

Securities of the corporation are listed in the Tel Aviv Stock Exchange  
Short name: Israel Corporation  
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Former names of reporting entity: Israel Corporation Ltd.

Name of Electronic Reporter: Maya Alchek Kaplan. Position: Vice President, General Counsel and Company's Secretary  
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**Israel Corp. Ltd**

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**Attorney Maya Alcheh-Kaplan**

Vice President, General Counsel and Company's Secretary

March 22, 2018

To  
The Securities Authority  
via MAGNA

To  
Tel-Aviv Stock Exchange  
via MAGNA

To whom it may concern,

Re: Immediate Report – Adjustment to the Interest Rates and Special Payment  
Following the Amendments of the Bonds' Deeds of Trusts (Series 10 and 11) of Israel Corp. Ltd.  
(the "Company")

Following the Company's previous reports dated March 18, 2018 (reference number: 2018-10-025711) and March 21, 2018 (reference number: 2018-01-027610) concerning adjustment to the interest rate and special payment to the bondholders' (series 10 and 11) of the Company (the "**Bonds**"), and further to the approval of the bondholders' meetings for amendment number 1 of the Bonds' deeds of trusts ("**Amendment Number 1 to the Deeds of Trust**") on March 19, 2018 ("**Date of the Approval**") as mentioned in the Trustee's immediate reports dated March 22, 2018 (reference numbers: 2018-19-022259; 2018-10-022605, respectively), the Company hereby announces as follows:

1. The interest rate of the bonds (series 10) shall be adjusted as follows:
  - 1.1. Starting the Date of the Approval, the bonds' (series 10) principal balance's yearly interest rate shall be added a 0.2% interest addition.
  - 1.2. The interest rate of the bonds' (series 10) principal balance for the period starting December 12, 2017 and until the Date of the Approval shall be 4.1%.
  - 1.3. The interest rate of the bonds' (series 10) principal balance as of the Date of the Approval and until the date of the upcoming actual interest payment on April 31, 2018, shall be 4.3%.
  - 1.4. The weighted interest rate to be paid by the Company to the bondholders (series 10) in the nearest interest payment date on May 31, 2018 is 2.08438%. In addition, the weighted annual interest rate of the bonds' principal (series 10) shall be

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4.18022%.

- 1.5. The adjusted annual interest rate (after adding the abovementioned additional interest rate), of the bonds' principal (series 10), starting from the upcoming interest term on June 1, 2018 shall be 4.3%. In addition, the adjusted six-months interest rate (after adding the abovementioned additional interest rate), of the bonds' principal (series 10), starting from the upcoming interest term shall be 2.15% (the **"Adjusted Interest Rate of the Bonds (Series 10)"**).
- 1.6. The Adjusted Interest Rate of the Bonds (Series 10) shall be valid until full payment of the principal balance of the bonds (series 10) or until a change of the bonds' (series 10) ranking occurs.
2. The interest rate of the bonds (series 11) shall be adjusted, as follows:
  - 2.1. Starting the Date of the Approval, the bonds' (series 11) principal balance's yearly interest rate shall be added a 0.2% interest addition.
  - 2.2. The interest rate of the bonds' (series 11) principal balance for the period starting December 12, 2017 and until the Date of the Approval shall be 5.25%.
  - 2.3. The interest rate of the bonds' (series 11) principal balance as of the Date of the Approval and until the date of the upcoming actual interest payment on April 31, 2018, shall be 5.45%.
  - 2.4. The weighted interest rate to be paid by the Company to the bondholders (series 11) in the nearest interest payment date on May 31, 2018 is 2.65781%. In addition, the weighted annual interest rate of the bonds' principal (series 11) shall be 5.33022%.
  - 2.5. The adjusted annual interest rate (after adding the abovementioned additional interest rate), of the bonds' principal (series 11), starting from the upcoming interest term on June 1, 2018 shall be 5.45%. In addition, the adjusted six-months interest rate (after adding the abovementioned additional interest rate), of the bonds' principal (series 11), starting from the upcoming interest term shall be 2.725% (the **"Adjusted Interest Rate of the Bonds (Series 11)"**).
  - 2.6. The Adjusted Interest Rate of the Bonds (Series 11) shall be valid until full payment of the principal balance of the bonds (series 11) or until a change of the bonds' (series 11) ranking occurs.

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3. As mentioned in section 3.2 to the Amendment Number 1 to the Bonds, the Company shall pay a one-time commission payment that is in addition to the principal and interest payments specified in the Bonds' amortization schedule of 0.25% of the principal balance (the "**Commission**"). The Commission shall be paid on April 4, 2018 (the "Date of Payment"), to the bondholders on March 26, 2018 (the "Determining Date"). For the purpose of handling the Bonds in the Stock Exchange system, the Commission shall be calculated as a one-time interest payment.

Concerning the Commission to be paid to the bondholders (series 11) as mentioned above, it shall be clarified that the bonds' (series 11) principal balance, linked to the dollar exchange rate, shall be calculated according to the known nominal rate to be published at the Determining Date.

Sincerely,

Israel Corporation Ltd.

Name of report authorized signatory and name of authorized electronic signatory: Maya Alcheh Kaplan

Position: Vice President, General Counsel and Company's Secretary.

Signature date: 22/03/2018